

The battle on
the home front
Churchill lost
Page I

Market day in a
distant corner of
China's empire
Page XVII

Medieval cookery
to Madonna - FT
books of the year
Page XVIII

Minorities in
Germany brace
for a fearful future
Page 9

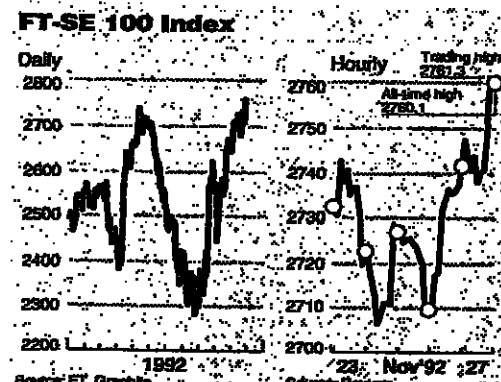


FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND NOVEMBER 28/NOVEMBER 29 1992

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London shares reach two record highs

London's stock market surged to new highs after Wall Street returned from its Thanksgiving holiday in buoyant mood. After early gains in New York, the FT-SE 100 index went on to a new closing peak of 2,760.1, a net gain of 18.3 on the day and 27.7 on the week. Yesterday also saw a new London trading high of 2,761.9 in a market fuelled by arbitrage pressure from the stock index market. In New York, the Dow Jones Industrial Average closed 15.94 higher at 3,322.2. Page 15; Wall Street, Page 21; Lex, Page 24; Markets, Weekend FT Page II

Neo-Nazi banned: The German government banned the neo-Nazi Nationalist Front party and announced the arrest of eight alleged members of an anti-foreigner guerrilla group. The moves came on the day of a memorial service for three Turkish women killed in a neo-Nazi firebombing on Monday. Page 2; Living with a legacy, Page 9

Opex deal struck: Oil producers agreed at talks in Vienna to cut their output. The news sent North Sea Brent crude for January delivery up 10 cents to \$18.90 a barrel. Page 3

Venezuela coup 'quelled': Venezuela's said it had put down a coup attempt by rebel soldiers who bombed the presidential palace. The government news agency said as many as 50 people were killed in the fighting. Page 3

Lord Spens formally acquitted: Former merchant banker Lord Spens won his High Court fight for a formal acquittal on charges arising from the Guinness affair. A prosecution against the peer was abandoned nine months ago. Page 4

Japanese banks: Japan's three long-term credit banks, Industrial Bank of Japan, Long-Term Credit Bank of Japan and Nippon Credit Bank, reported halved pre-tax profits for the first half but made only modest loan loss provisions. Page 12

National Power: Britain's biggest electricity generator, is leading a consortium to buy and operate a 600 MW coal-fired power station in Portugal. National Power is putting \$50m into the project. Page 10

Earthquake rocks California: Los Angeles skyscrapers swayed when a moderate earthquake hit southern California. Between 5.1 and 5.3 on the Richter scale, the quake caused little damage and no injuries.

North Sea oil production: jumped by 20 per cent in value in October, the first full month to show the effect of sterling's post-ERM devaluation, according to the Royal Bank of Scotland's monthly oil index.

Art treasures escape blaze: No important works of art were lost in the fire which destroyed part of Austria's imperial Hofburg palace in Vienna, state officials said.

Tax war recedes: Scores of Russian ex-army officers are being restrained as tax inspectors. Their tactical skills are being turned to extracting money from businesses which pay no taxes and old enterprises too indebted to each other to pay the state. Page 24

Thatcher defaced: Lady Thatcher's portrait was removed from a House of Commons coffee room after being daubed with a Hitlerian moustache. Some believe the painting shows Lady Thatcher in rather a stern mood.

Tube strike threat: London Underground train services were under renewed threat after the TSSA white collar union voted for a strike. The vote came only four days after another union lifted its strike threat. Page 4

STOCK MARKET INDICES	STERLING
FT-SE 100 2,760.1 (+18.3)	New York London: 1,508
Yield 4.38	London: 1,515 (1,522)
FT-SE Eurotrack 100 1,048.82 (+1.87)	DM 2,015 (2,030)
FT-A All-Share 1,385.22 (+0.88)	FF 8,192 (8,231)
Nikkei 17,478.91 (+4.43)	Y 188 (189)
New York close 3,322.2 (+15.94)	£ index 78.4 (78.7)
Dow Jones Ind Ave 3,282.2 (+15.94)	
S&P Composite 438.10 (+0.97)	
US LUNTIME RATES	DOLLAR
Federal Funds 3 1/4 %	New York London: 1,508
3-mo Treas Bill: Yld 3.382%	DM 1,808 (1,817)
Long Bond 100 11	FF 8,431 (8,475)
Yield 7.59%	Sfr 1,445 (1,455)
LONDON MONEY	Y 124.48
3-mo Interbank 7 1/4 % (73.4)	London: 1,508 (1,517)
Life long gilt future... Dec 99: 99.53	DM 1,808 (1,817)
NORTH SEA OIL (Anglo)	FF 8,431 (8,475)
Best 15-day lease \$18.97 (18.77)	Sfr 1,445 (1,455)
Oilfield	Y 124.48 (124.15)
New York Crude (Dec) \$33.40 (33.5)	£ index 78.4 (78.7)
London \$33.40 (33.47)	Tokyo close Y 124.2

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UK wins backing for EC budget proposal

By Lionel Barber in Brussels

THE UK yesterday won majority support among EC partners for its compromise on future Community financing, but its tough approach drew a storm of protest from the poorer countries led by Spain.

Mr Jacques Delors, EC Commission president, condemned the British compromise as "a serious political mistake". He continued to press for his proposal, known as Delors II, to boost the EC budget.

Greece, Spain, Portugal and Ireland joined Mr Delors in opposing the British package. But there was strong support from Germany and the Netherlands, France, Belgium and Italy, which has its own severe budgetary problems, also appeared to be leaning in Britain's direction, according to EC and German officials.

British ministers had been bracing themselves for a furious reaction from EC partners over its plan to limit Community spending. In the event UK ministers were pleasantly surprised.

Britain's compromise envisages holding down the increase in Community spending to 3 per cent a year in real terms for seven years. This would allow for a budget of Ecu79.3bn (Sfr1bn) by 1999, from Ecu 61.1bn this year. Mr Delors wants to boost the EC budget to Ecu82.3bn over the same period, a figure he insists to be in line with the goals of the Maastricht treaty.

The split between Europe's prosperous northern tier, led by Germany, and the poorer Mediterranean countries and Ireland emerged during a "conclave" of foreign and finance ministers in Brussels.

Unless Mr John Major, the UK prime minister, can bridge the north-south divide, he risks a destructive budget wrangle overshadowing a crowded agenda during next month's EC summit at Edinburgh.

Mr Major is currently touring European capitals in an effort to narrow differences on enlargement of the Community as well as a resolution of Danish demands for exemptions from the Maastricht treaty.

A resolution of the budget impasse is being seen among diplomats in Brussels as the test of Britain's much-criticised presidency.

Mr Norman Lamont, UK chan-

cellor of the exchequer, described the budget talks in Brussels as serious and calm. "There is no guarantee of progress at Edinburgh," he said "but we have identified the obstacles and are well-placed for a compromise."

Mr Lamont acknowledged, however, that the UK refusal to yield to pressure to give up its annual rebate, worth about £2bn, had drawn fierce criticism. While the UK remained open to suggestions of reworking how to pay the money back, the amount of the rebate remains non-negotiable, he said.

The core of the British proposals seeks to raise the maximum size of the EC budget - the so-called own resources ceiling -

Page 2

German parties set hurdle for power shift to EC
Finance ministers to attend EC summit

to 1.25 per cent of EC gross national product by the end of 1999 from 1.2 per cent at present. The ceiling would be frozen at the present 1.2 per cent for the three years starting next January, rise to 1.22 per cent for 1996 and 1997, before being lifted to 1.25 per cent in 1998 and 1999.

Mr Horst Kohler, the state secretary for finance in Germany, said that a majority of countries accepted the UK's approach as "serious" and said it ought to be possible to reach a solution at Edinburgh.

Much hard bargaining lies ahead if differences are to be bridged over how to divide the EC pie. Most controversial is the "cohesion" funds for poorer countries to bring them closer to their prosperous EC partners in the common drive to economic and monetary union.

The UK's proposal doubles the cohesion and structural funds for the four poorest countries to Ecu12.25bn compared with Ecu15bn under the Delors II package. Both German and Danish officials appeared to be leaning in favour of a more generous approach than Britain.

During his European tour, Mr Major will be seeking to establish whether there is a range of compromises on the enlargement, Danish and budget question as part of a "Grand Compromise" at Edinburgh.

Rise in house sales forecast as prices continue to drift

By Andrew Taylor, Construction Correspondent

THE VOLUME of UK house sales is expected to recover by as much as 15 per cent next year but prices are likely to go on falling, according to industry and independent forecasts.

Forecasters believe buyers will be tempted back into the market by low interest rates and cheap house prices, prompting the first annual increase in house sales in four years.

Charterhouse, the merchant banking arm of Royal Bank of Scotland, said yesterday the number of UK house sales could rise by 13 per cent next year from 1.06m to 1.2m. This compares with a peak of 1.8m sales in 1988 at the height of the property boom.

The bank warned that prices would continue to drift down even when sales started to rise, because of the large backlog of unsold properties. Buyers concerned about rising unemployment

Home loans under fire
.....Weekend, Page V

ment and the state of the UK economy would not countenance higher prices.

Mr James Morrell, who prepared the forecasts for Charterhouse, predicted that prices would fall next year by a further 1 per cent after a 6 per cent decline this year.

The bank forecasts 6 per cent price rises in both 1994 and 1995. Mr Morrell said house prices had fallen to their lowest level in

relation to average earnings since the 1970s and this would attract buyers back into the market.

A survey of more than 300 housebuilders by the House Builders Federation found that 43 per cent of companies expected sales to rise next year.

Another 27 per cent expected sales to stay static, while the remaining 30 per cent forecast further falls.

House prices in south-east England have fallen on average by about 30 per cent since the 1988 peak.

Mr Morrell said: "People who bought in 1988 would have to wait until the turn of the century to recover their money, assuming that prices continue to rise at about 6 per cent a year from 1994 onwards."

CONTENTS

News	Letters	FT World
International News 2.3	Women in the News 8	Foreign Exchanges 13
UK News 4.5	Companies 10	Gold Markets 12
Weather 24	UK 10	Equity Options 11
Lex 24	Int. Companies 12	London SE 16
Features	Markets 11	LSE Dealings 14
Leader Page 8	FT Actus 11	Managed Funds 13, 16-19

By Philip Coggan, Personal Finance Editor

THE SELLING practices of the life insurance industry were sharply criticised yesterday by Mr Andrew Large, chairman of the Securities and Investments Board, the UK's main financial regulator.

Mr Large referred to what he described as "mis-selling" of life products in his speech to the annual conference of the Society of Financial Advisers in York. He said that "human nature has been found wanting in too many cases and this has shown up as bad practices and disadvantaged clients". As a result, he said, there was widespread public unease about the industry.

The vast majority of salesmen working in the industry earn commission for each policy they sell, with the heaviest income accruing in the early years of the product.

This practice of "front-end loading" has encouraged, critics say, high-pressure selling. Customers who surrender their poli-

cies early find costs have taken a large chunk of their investment. It can take about 11 years for the surrender value of a 25-year endowment policy to equal the value of premiums paid.

The life assurance regulator, Mr Large, has disciplined a number of companies for the inappropriate selling of policies in recent months. The previous chairman of SIB, Sir David Walker, criticised front-end loading, but the authority has done little to reform the commission system.

The industry has responded sharply to past criticism. When Sir Bryan Carsberg, director gen-

eral of fair trading, criticised selling practices in September, the Association of British Insurers said his comments "betrayed a lack of understanding about how the insurance industry operates".

Yesterday, Mr Large said that "the selling of life products does pose particular regulatory challenges. The combination of commission-driven selling and lack of transparency in the products themselves places an enormous weight on the conduct, the train-

Continued on Page 24
Bonuses feel the squeeze again, Weekend, Page III

Jobless bosses run mission of mercy to Croatia

By Lisa Wood, Labour Staff

UNEMPLOYED executive Mr Andrew Stephenson is on a mission to Croatia to help Bosnian refugees - and himself. Six months ago Mr Stephenson, 37, was a £30,000 a year security company executive. In 10 days, with the blessing of his unemployment benefits office, he will deliver blankets and food to Bosnians.

The mission has been organised by Reaction, a self-help organisation for unemployed executives and managers.

Established earlier this year by a jobless personnel director, Reaction aims to involve unemployed executives in voluntary projects where they can re-create the atmosphere of the world of work.

Mr Stephenson believes the convoy, whose navigators will all be unemployed executives and managers, will be the largest one leaving the UK with aid for Bosnian refugees in Croatia.

Mr Stephenson said: "The aim of the organisation is to banish the void of redundancy and improve job prospects through positive action."

Social security, he said, had given Reaction permission for individuals to take unpaid work provided executives guaranteed they would take paid jobs, if these were appropriate.

Based in Leeds, Reaction has received inquiries from more than 5,000 unemployed men and women. There are moves to set up offices in other towns.

Government-run executive job clubs and job review workshops served a valuable purpose, said Mr Stephenson. "They are an important resource where you can scan the vacancy columns in the newspapers every morning and beef up your curriculum vitae."

He said the projects Reaction would normally undertake related more strictly to business activities and the needs of executives.

"However the needs of the executives for contact with others and to feel useful makes the organisation the ideal vehicle to organise this relief effort," he said.

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Reynolds' Fianna Fail loses seats; abortion referendum proposal defeated

Irish PM's future in the balance

By Tim Coone in Dublin

THE political future of Mr Albert Reynolds, Ireland's Taoiseach (prime minister), hangs in the balance following his Fianna Fail party's disastrous general election result this week and the equally humiliating defeat of a controversial abortion referendum. Speaking on Irish TV however he said: "I am not throwing in the towel."

As the final results trickled in yesterday evening, it appears that the make-up of the next parliament will be Fianna Fail 68-69 seats, Fine Gael 45 seats, Labour 33-34 seats, Progressive Democrats 10 seats, others 10 seats.

A total of 83 seats are required to form a majority government.

When the election was called last month, following the break-up of the Fianna Fail-UD coalition, Mr Reynolds said his target was to win an absolute

majority. Instead his party's share of the vote, 39 per cent, has slumped to its lowest level since the 1920s, while Labour has surged forward, doubling its vote and its number of seats.

It therefore looks likely that the price Fianna Fail will have to pay to stay in power will be the ditching of Mr Reynolds. He has been leader only since last February, when he led a backbench rebellion against his predecessor Mr Charles Haughey, to try to improve the party's waning image.

All the other party leaders have serious reservations about Mr Reynolds. He has made public his distaste of coalition governments, but even more important, the continuing judicial inquiry into the beef industry places a question mark over his credibility.

The coalition collapsed last month in an acrimonious war of words between the two party leaders over who was telling the truth to the inquiry.

It was sustained parliamentary questioning by the Labour leader, Mr Dick Spring, that led to the establishment of the inquiry last year. Mr Spring is due to be called to the witness stand next week to substantiate allegations of fraud and political favouritism he made in the past, and Mr Reynolds will probably continue to be cast as the accused.

The alternative coalition of Fine Gael-Labour-UD faces ideological obstacles as well as Mr Spring's insistence that he be given the prime minister's post, instead of Mr John Bruton, the Fine Gael leader.

Mr Michael McDowell, the chairman of the PD party said yesterday: "I would be very conscious of ideological incompatibility."

Mr Spring is likely to insist on the leadership as his price for supporting such a coalition, however. His fallback option, preferred by many of his party strategists, is to continue building the

party in opposition with a view to making it the second force in Irish politics and forcing the right-of-centre parties into coalition.

Labour party activists believe it may take until the new year before a new government can be formed, although the new parliament reconvenes on December 14. Until then, Mr Reynolds must struggle on with his discredited, minority government, which will make even more difficult the task of defending the Irish currency on the financial markets.

In the abortion referendum, with a third of the votes counted, the right of women to travel abroad for an abortion and to receive information on how to go about it has been overwhelmingly supported.

However, a government proposal put forward by Mr Reynolds, which would allow abortion when the life of the mother is threatened, has been overwhelmingly defeated.

Russian deputies throw down challenge to Yeltsin

By John Lloyd in Moscow

THE Russian parliament yesterday passed a motion demanding that the government rework its economic programme and that President Boris Yeltsin present to the Congress of People's Deputies his choice of candidate for the post of prime minister.

The motion threw down the challenge to Mr Yeltsin to nominate Mr Yegor Gaidar, the acting prime minister, as premier for another term.

The motion came as intense political struggles continued behind the scenes over the shape of the reform programme and of the next Russian government.

Mr Gaidar, in a uncompromising speech to parliament on Thursday, ruled out any weak-

ening of the main principles underlying economic reform. The effect of his speech has been to challenge Civic Union, the centrist group which is pressing the government to revise its programme, and to force the powerful grouping to either accept the government's stand or break off negotiations aimed at co-operation.

Mr Alexander Shokhin, a deputy prime minister, repeated yesterday that "there will be no fundamental change in the course of the reform".

Interfax agency yesterday reported that leaders of Civic Union and of the nationalist Russian Unity faction in parliament had agreed on the need for more cabinet resignations. These include Mr Valery Makharadze, a deputy prime min-

ister, Mr Andrei Kozyrev, the foreign minister and of Mr Gaidar himself.

Civic Union has long wanted such dismissals - but was said to have dropped the idea in the past two weeks following agreement with government experts on an economic programme. However, Mr Arkady Volysky, the group's leader, has charged the government with breaking the agreement.

CORRECTION

A headline in some editions yesterday said that the government had "renewed" on the agreement between it and the Civic Union. As the report made clear, this was a charge made against the government rather than a statement of fact.

Serbs' human wall keeps UN aid from Moslems

By Laura Silber in Sarajevo

HOPE of emergency aid reaching Srebrenica, a besieged Muslim town in eastern Bosnia, receded yesterday after Bosnian Serb commanders sent a UN convoy on a wild goose chase.

The UN, blocked for three days, suffered another setback in its third attempt to reach Srebrenica. Once again, this time in Bihac, local Serbs formed a human wall on a bridge over the River Drina, linking Bosnia with Serbia, in order to block food from reaching tens of thousands of Moslems.

The 20-lorry convoy was instead forced to take a new route down a winding road in the Drina river valley, 30 miles south of the previous, more direct route to the besieged Moslem stronghold.

In every town where the convoy was blocked, similar

events repeated themselves. Villagers screamed and jeered. Old women brandished sticks. One even waved an axe at journalists. Volleys of gun fire boomed in the surrounding hills as locals accused the Moslems of roasting their Serb victims on a spit. They said the convoy of the UN High Commissioner for Refugees (UNHCR) was smuggling weapons in the food packages.

In other villages, weeping Serb women said the fresh graves were the reason why they would never let the convoy reach one of the last pockets of Moslem resistance. "While we are alive, this convoy will never pass," said Andriana, 17, a student. "Most of my friends are buried in the cemetery. They were just a year older than me."

Even children turned out in protest in the once sleepy river town. "We now go to school across the river in Serbia. If war breaks out we'll have to

move there," said 10-year-old Ivan. His mood improved as he spoke. At first, he shouted abuse at the Serbs when seeing a western reporter.

Officials of the UNHCR patiently reiterated that aid must be given out to all sides in the Bosnian war. But shabbily-clad Serb villagers defiantly insisted: "We don't need your help."

The UNHCR since July has delivered 55 tonnes of aid to the town of 3,000 people. Last week, the UN severed aid to Serb-held territory in eastern Bosnia until access is given to Moslem towns.

Bosnian Serb commanders told UN officials that the new route to Srebrenica in any case was an unusable dirt track. A UN reconnaissance team later confirmed that the blockade of convoys belonged to a military strategy. "The Serb military obviously intends to starve the Moslems and then take the town."

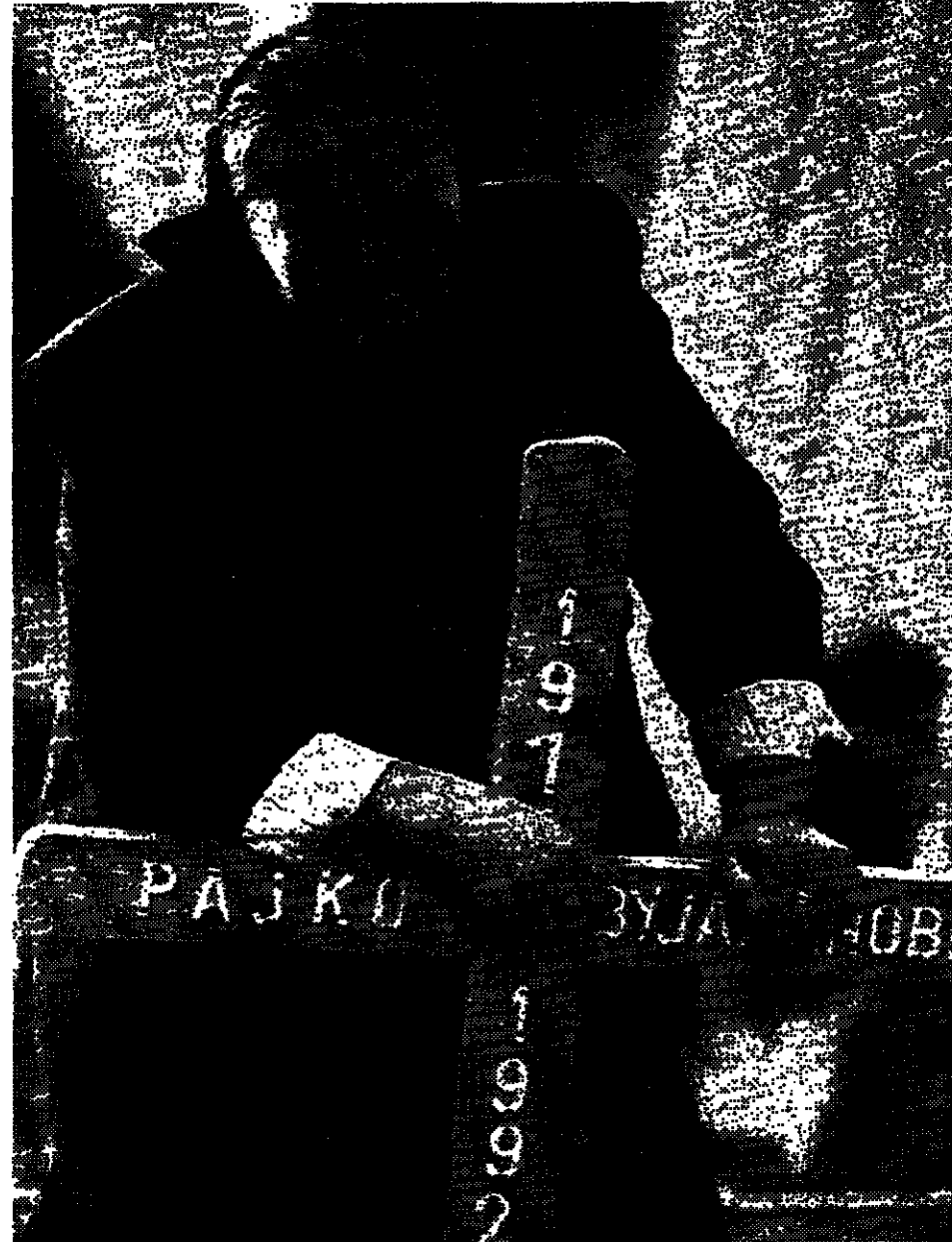
The agreement for the convoy to take this new route was won after Serb commanders

appeared to climb down in their war of nerves with the UN. But as the convoy commanders yesterday waited for the go-ahead, it appeared that the Serbs had won again.

Across the river in Serbia, UN peacekeepers escorting the convoy set up camp in a cattle market as they awaited orders to head off for Srebrenica, the only Bosnian town to have received no aid since the war erupted in April.

British, Danish and Belgium peacekeepers sat eating French army rations and sipping French wine while UN officials and commanders in Sarajevo tried to pressure Serb commanders into letting the convoy through.

While weeping Serb villagers seemed genuinely distressed, a UN soldier said the blockade of convoys belonged to a military strategy. "The Serb military obviously intends to starve the Moslems and then take the town."



An old Bosnian Serb woman cries at the grave of her grandson, killed in fighting in the east Bosnian town of Bratunac

Dam experts race to save Danube

By Bronwen Maddox in London and Frances Williams in Geneva

THE FIRST stage of emergency repairs to a crumbling dam in Montenegro, a republic in the rump federation of Yugoslavia, was nearly complete yesterday evening. But United Nations officials warned there was still a high risk the dam could collapse, sending tonnes of highly toxic waste towards the Danube.

Mr Sergio Piazzi, relief co-ordinator with the UN disaster relief organisation in Geneva, said the efforts of the past two days "have given the first injection - now we have to keep the dam standing".

International response has come six weeks after the floods

and nearly a month after international bodies were alerted to the problem's seriousness.

Mr Fred Eckhardt, a spokesman for the Geneva conference on the former Yugoslavia, said Lord Owen and Mr Cyrus Vance, who visited Montenegro on October 30 as part of their peace efforts, had made urgent requests for money and materials to the European Commission and the UN sanctions committee. The first EC experts examined the dam on November 10, and UN experts on November 15.

A quarter of the length of the 600m dam, high in a region of rocky gorges, was damaged by two flash floods on October 17 and 18 which tore away supporting concrete panels from the base.

The 12-metre-high dam, made of compacted earth, holds back 7m tonnes of mining sludge from the river Tara, which eventually drains into the Danube.

The sludge, the consistency of wet sand, contains lead and zinc, which can kill fish and poison drinking water.

Mr Hans Zimmerman, a senior UN official, said there also appeared to be traces of lindane, a highly toxic pesticide.

On Thursday and yesterday materials were hastily collected from all over Europe - reinforced plastic sheeting from the Netherlands

to prevent the dam absorbing water, and steel cages from Italy to support its foot - and rushed to Montenegro in a

Belgian Hercules aircraft.

Next week Mr Zimmerman will begin a report on the total cost of repairs and medical supplies for people made homeless by the floods.

The first phase has received Ecu110,000 (£88,900) from the EC and \$10,000 (£8,570) from UN emergency funds. EC officials have estimated the cost of emergency work at Ecu500,000.

Mr Zimmerman said that even though the floods had subsided, the dam was still threatened because the Tara had broken its banks and was swirling against its foot.

Phase two, lasting until Christmas, will be the construction of a new supporting dam next to the river.

US personal income rises 1% in October

PERSONAL INCOME in the US rose by one per cent in October over the previous month, the largest monthly gain since last December and further evidence of an economy that seems to be finally gathering steam, Jurek Martin writes from Washington.

Special factors, including subsidy payments to farmers and other public and private sector bonuses, accounted for more than half the monthly advance. But wages and salaries in October also went up a healthy 0.6 per cent, after fall-

ing 0.1 per cent in September, as did disposable income.

Personal consumption spending in the month went up by an adjusted 0.7 per cent, nearly as good as the upwardly revised 0.9 per cent advance of September.

The new surge in consumer confidence, also reflected earlier this week by the revised 3.9 per cent annual growth in the third quarter gross national product, also suggests much improved Christmas sales, for which the big retailing push began yesterday.

S African talks to resume

By Patti Waldmeir in Johannesburg

SOUTH Africa's tortuous negotiating process received a big boost yesterday when it was announced that the South African government and the African National Congress (ANC) would meet next week for talks on a new constitution.

It will be the first time the two sides have met for formal constitutional negotiations since multi-party talks broke down last May.

Since then, the gap between the two sides on the crucial issue of power-sharing has nar-

rowed, with the ANC proposing this week that South Africa be ruled by coalition even if one party wins a majority in the first elections under a permanent constitution.

ANC officials tried to force the pace of next week's meeting, which will be held over three days at a secret location, by rejecting as too slow the timetable announced on Thursday by President F.W. de Klerk, who forecast elections for an interim government by April 1994.

Amnesty International human rights group has released a report documenting

physical abuse of prisoners in ANC camps outside South Africa. The victims were often labelled as South African government spies, but most were genuine ANC members, imprisoned because they raised grievances or policy differences, it said.

The South Africa investment graph (FT, November 26) was incorrectly sourced; the graph and the comments by Mr Michael Marks were originally published in Partners magazine, published by FIRST Magazine, UK and Leadership Magazine, South Africa, 77 Oxford Street, London W1R 0TB 071 439 1188.

Finance ministers to attend EC summit

MR Norman Lamont, the UK

chancellor, and other European Community finance ministers will take part in the EC summit in Edinburgh in two weeks, reflecting the growing importance of economic issues in the remaining weeks of the UK presidency, Peter Norman, Economics Editor, writes.

The finance ministers' presence will be a break with EC tradition. But the UK's proposals for financing the EC budget over the next seven years and the search for an economic growth policy for Europe have

persuaded Britain to invite finance ministers.

Recent upheavals in the European exchange rate mechanism and the future of the community's plan for economic and monetary union are likely to be discussed at the summit. The heads of government and foreign ministers would be able to draw on the expertise of finance ministers.

UK Treasury officials confirmed that Mr Lamont would be in Edinburgh. Most other EC finance ministers are expected to attend.

Neo-Nazi group banned as Turkish arson victims mourned

By Quentin Peel in Bonn

THE German government yesterday banned a small neo-Nazi movement in the first step of a promised crackdown on extreme right-wing organisations, as 10,000 people attended a funeral for a Turkish woman and two children killed in an apparent neo-Nazi arson attack.

The order to close the 130-member Nationalist Front,

based in Detmold in North Rhine-Westphalia, was served by police in mid-afternoon.

Mr Rudolf Selters, the interior minister, said it was an "unmistakable warning signal against extreme right-wing agitation and violence".

At the same time, orders were issued to arrest eight further members of an extreme right-wing group in the northern town of Gudow, near Mölln, where the Turkish vic-

tims died in a fire on Monday.

The leader of the group, Michael Peters, is already in detention, accused of forming a right-wing terrorist group, and taking part in at least two arson attacks on foreign asylum-seekers' hostels.

However, Mr Alexander von Stahl, the chief federal prosecutor, who has taken over the case on the grounds of a threat to national security, said there was still no evidence to link

the group to the Mölln attack.

Two houses occupied by Turkish families were set on fire, and an anonymous caller tipped off the police with the words: "Hell Hitler".

In spite of this clear suggestion of neo-Nazi involvement in the attacks, German television has reported "strong suspicion" in the police department that rivalry between Turkish gangs may have been behind them.

The theory has been denied in the Turkish community, and yesterday more than 10,000 mourners turned out in Hamburg at a funeral for the 51-year-old grandmother, her 10-year-old granddaughter and 14-year-old niece who died in the blaze. It was attended by Mr Klaus Kinkel, foreign minister, and Mr Norbert Blum, labour minister, on behalf of the German government.

Mourners at the funeral, held at the Al-Aksa mosque, held Turkish flags and waved banners saying: "Stop Racism". There were demonstrations against racism across the country, including by 200,000 members of the IG Metall engineering workers' union in northern Germany, who stopped work in sympathy. In Dortmund, 10,000 schoolchildren marched in solidarity.

The Nationalist Front was founded in 1985, and according

to the Interior Ministry, was "an active fighting organisation dedicated to the overthrow of the democratic order".

Its programme included policies similar to those of Adolf Hitler's Nazi party, and its immediate aim was the expulsion of foreigners from Germany. It presented candidates at state elections in Bremen last year, and won just 0.03 per cent of the vote.

There remains one potential stumbling block to ratification in Bonn.

The Bundesrat is unhappy with the clause proposed for resolving conflicts on EC legislation between the two houses of parliament.

Mr Florian Gertner, the European affairs minister of the Rhineland-Palatinate, said it was uncertain if the Bundesrat would be able to approve ratification as planned on December 18. A conciliation committee might have to be summoned to resolve the conflict on conflict resolution.

German parties set hurdle for power shift to EC

By Quentin Peel

THE MAIN political parties in Germany agreed yesterday that all future moves to transfer national sovereignty to the European Community must be approved by a two-thirds majority in both houses of parliament.

It means that any future moves towards European union, in addition to the present Maastricht treaty, will be confirmed in Germany only if there is broad cross-party support.

Such measures - for example, to agree a European defence union - must also comply with Germany's definition of adequate democratic control, which will now be written into the German constitution.

The agreement, opposed by Mr Klaus Kinkel, the foreign minister, and his Free Democratic Party (FDP) as excessively restrictive on future progress towards European integration, was part of a compromise reached in order to press ahead with ratification of the Maastricht treaty

in the Bundestag next week.

It was settled between Chancellor Helmut Kohl's Christian Democratic Union (CDU) and the opposition Social Democrats (SPD) in the special parliamentary committee set up to ratify the treaty.

The SPD had argued in favour of a strict two-thirds majority being applied to all final parliamentary approval. In exchange, the opposition agreed that the package of constitutional amendments tailored to ratification of Maastricht will come

into effect, even if the Maastricht treaty is not ratified by all 12 EC member states.

That means that whether Maastricht is approved by Denmark and Britain or not, the 16 German federal Länder represented in the Bundesrat, the upper house, will have much greater powers of involvement and oversight of proposed EC legislation.

It will also establish a more powerful European oversight committee in the Bundestag, the lower house, which will have to be consulted by

the government in advance of all EC negotiations.

All the moves, which now seem certain to be approved by the full Bundestag on Tuesday, in spite of FDP opposition, have the effect of increasing German parliamentary control over decisions in Brussels, comparable to that in Britain and Denmark.

Supporters of European integration fear that it will simply make all Brussels negotiations far more complex.

There remains one potential stumbling block to ratification in Bonn.

The Bundesrat is unhappy with the clause proposed for resolving conflicts on EC legislation between the two houses of parliament.

Mr Florian Gertner, the European affairs minister of the Rhineland-Palatinate, said it was uncertain if the Bundesrat would be able to approve ratification as planned on December 18. A conciliation committee might have to be summoned to resolve the conflict on conflict resolution.

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NEWS: INTERNATIONAL

Venezuela claims to have foiled coup

By Stephen Fidler,
Latin America Editor,
and Agencies

THE Venezuelan government said yesterday it had put down a coup attempt by rebel soldiers who bombed the presidential palace in their uprising. The coup leaders had surrendered, it said.

Interior Minister Luis Pinerus Ordaz said in a televised statement the leaders of the coup attempt, the second this year in oil-rich Venezuela, gave themselves up to authorities about six hours after they launched their uprising.

Up to nine people were reported dead in the fighting and there was still gunfire after the announcement of the coup leaders' surrender.

Yesterday morning, an aircraft under rebel command dropped a bomb on the palace complex, damaging upper floors of the administrative building. Venezuelan President Carlos Andrés Pérez was in another building in the complex and was not hurt. The 70-year-old president also survived a coup attempt on February 4.

Mr Pérez said rebels controlled Libertador air force base in Maracay, 100km from Caracas, where Mirage and F-16 fighters jets are based, but added it would be back in loyal hands soon.

The rebels also seized the Francisco Miranda air field in eastern Caracas. Mr Pérez said, but he said troops were fighting to regain control there.

Over the last three years, the Venezuelan economy has enjoyed one of the fastest growth rates in the world. From the admittedly depressed levels of 1989, it has grown by more than a quarter. Growth this year will probably exceed 8 per cent after surpassing 10 per cent last year.

According to figures from the government, backed up independently by businessmen, food consumption has grown by a fifth over the last year, a sign that the growth has not been to the exclusive benefit of the rich. Employment is rising rapidly — a quarter of a million jobs have been created in the last year — on the back of an expanding private sector.

The government says this growth has been created by its reform programme which deregulated much of the economy.

Yet, according to opinion polls, the government, and in particular the president, remain hugely unpopular. As a result, he has become increasingly isolated with little influence in Congress, even though his own party is in the majority.

Furthermore, as demonstrated by the second coup attempt this year, an impor-



CARACAS SIEGE: Troops loyal to Venezuela's government fire on a TV station seized by rebel forces in a coup attempt yesterday

tant section of the military and particularly the army is disaffected. The unrest appears concentrated in a group of lower-ranked army officers, whose apparent leader, Lt Col Hugo Chavez, is according to opinion polls one of Venezuela's most popular public figures.

The rebel officers, who may now be linked with left-wing civilian groups, are at odds with the military high command, who for the most part appear to support the established order, and have denounced Venezuela's political elite as corrupt.

Col Chavez, who was jailed after the February putsch, attempted in a videotaped broadcast over Venezuelan television yesterday to encourage civilians to take to the streets in support of the coup. However, it appeared that despite few street demonstra-

tions and other desultory indications of support for the rebels, most Venezuelans decided to stay indoors. After the February coup, the government acted to jail ring-leaders, split up the disaffected groups within the army and improve military intelligence.

Opec agrees to trim oil output

By Deborah Hargreaves
in Vienna

A DEAL between Iran and Saudi Arabia broke the deadlock at talks between ministers from the Organisation of Petroleum Exporting Countries (Opec) allowing them to agree a cut in oil output yesterday.

Ministers are hoping the market will draw some comfort from their announced cutbacks and that prices will rise. North Sea Brent crude oil for delivery in January moved 10 cents higher on news of yesterday's agreement to 18.90 a barrel.

Opec agreed to restrict its production to 24.58m barrels of oil a day (b/d) after both Saudi Arabia and Iran said they would trim their output.

Although Kuwait had insisted on a quota of 1.75m b/d, the emirate agreed to produce 1.5m b/d and to boost its output when market conditions and prices allowed.

The new production ceiling will be in place for the first quarter of next year when the organisation expects demand for its oil to be around 25m b/d. But member nations have said they will try to implement cuts in December in order to give additional support to prices.

As part of the agreement, Iran will cut its output to

3.48m b/d from 3.8m b/d which Mr Gholamreza Azadeh, the Iranian oil minister, claimed it was producing in October. At the same time Saudi Arabia will shave its output slightly to 8.38m b/d from 8.4m b/d. Ministers from both countries had earlier refused to cut output.

A compromise was reached after all-night talks on Thursday with Mr Aliro Parra, Venezuela's minister of energy and mines and Opec president.

The agreement does little more than reinforce the status quo since production by Opec countries is currently at 23m b/d. Without Ecuador, which officially left the organisation at this meeting, production is 24.7m b/d, implying a cut of little over 100,000 b/d.

But oil traders say the fact that countries will try to implement cuts straight away gives a signal to the market that production discipline will be reintroduced. In addition, this agreement marks the first time for over a year that Iran or Saudi Arabia has not expressed grave reservations about the outcome.

"I think the agreement will get an improvement in price of one to two dollars a barrel, maybe by the end of the year," said Mr Hacene Mefti, Algeria's energy minister.

Scandal drains Miyazawa support

By Charles Leadbeater
in Tokyo

SCANDAL has taken a heavy toll on Japan's ruling Liberal Democratic party with public support for the government falling sharply in recent months to 30 per cent.

An opinion poll showed that the government of Mr Kiichi Miyazawa, the prime minister, was now as fragile as that of Mr Noboru Takeshita in April 1988, when he had to resign over the Recruit scandal.

The sharp rise in disapproval of the government, and the party is likely to intensify the instability at the top of the LDP as it prepares for a highly sensitive cabinet reshuffle.

The party's leadership has already been destabilised by a power struggle provoked by the Tokyo Sagawa Kyubun scandal. A split in the LDP's largest faction could follow.

The public outcry over the long running scandal is likely to intensify next week with mounting pressure on Mr Takeshita.

He will be asked to clarify how much he knew about the role of organised crime in 1987 in halting a right-wing campaign against his bid to become prime minister.

The opposition parties have called on Mr Takeshita to testify to the parliament's upper house after giving evidence to the lower house on Thursday. That testimony drew a critical public response yesterday.

The opposition parties are considering putting a motion calling on Mr Takeshita to resign from parliament.

● Japan's industrial production in October was 2.6 per cent down on September and 6 per cent down on October last year, the Ministry of Trade and Industry said.

Inventories of unsold stock, expected to drop as production falls back, rose by 1.4 per cent for the same month, however.

Standard sues over Bombay losses

STANDARD Chartered is suing 16 banks and financial institutions, including Citibank, for Rs6.5bn (£150m) of the Rs8.9bn it says it has lost in the Rs35bn Bombay securities scandal, writes Shiraz Sidhva in New Delhi.

The claims relate to securities transactions between August 1991 and April 1992 and have been filed to recover "dishonoured transactions" against Citibank and several Indian banks.

Unemployment up

France suffered a sharp rise in unemployment last month to 10.4 per cent, writes Alice Rawsthorn in Paris. More than 24,400 jobs were lost, according to the employment ministry figures. Retail prices rose by 0.3 per cent in October.

Missile sale

Malaysia is to become the first non-Nato customer for Shorts Starburst air-defence missile, a British laser-guided weapon publicly unveiled only last year after it had been deployed in the Gulf war, writes David White in London.

Efta trade pact

The seven-state European Free Trade Association (Efta) concluded a free trade agreement yesterday with Romania covering industrial goods as well as processed farm products and fish, reports Reuters in Geneva.

Bloc enlarged

Five former Soviet republics and Afghanistan are to join the Economic Co-operation Organisation (ECO) of Iran, Pakistan and Turkey, Reuters reports from Islamabad. The former Soviet republics are Turkmenistan, Kyrgyzstan, Tajikistan, Uzbekistan and Azerbaijan.

Hong Kong to start airport work

By Simon Davies
in Hong Kong

HONG KONG'S legislators yesterday narrowly supported the government's proposals to go ahead with the site preparations for the controversial Chek Lap Kok airport.

The vote by the Legislative Council's finance committee, comes despite continued opposition from China. Beijing has yet to approve the financing package for the HK\$16.7bn (£14.3bn) airport.

The vote raises concerns over the level of support Governor Chris Patten can expect for his proposals on political development, which have met fierce opposition from China.

The Hong Kong government was forced to make concessions to push the financing package through, cutting funding proposals by HK\$1.5bn to only HK\$8.7bn. This enabled it to win the support of the United Democratic Party, which holds 13 seats in the 60-seat council.

The more conservative political group, the Co-operative Resources Centre (CRC) voted against the motion, saying it was concerned with the divisive nature of the project. The proposals were passed by 27 votes to 25.

China said in July it would approve the site formation contract. But the Hong Kong government, seeking an overall approval, turned this down.

The approval of the financing package comes just three days before the contract to the Nishimatsu consortium was due to expire. Failure to agree would have resulted in escalating costs as a new tender would have to be launched.

The colony's stock market continued to shrug off political concerns yesterday, but the business community was bracing itself for an aggressive response from China over the inevitable implication that Hong Kong was pushing ahead with the airport on its own.

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NEWS: UK

'There have been burglaries, phone taps, harassment and overt threats to me and my colleagues'

Spens is acquitted and savages SFO

By John Mason

LORD SPENS, the former managing director of corporate finance at Henry Ansbacher merchant bank, yesterday finally won his High Court battle to be acquitted of fraud charges brought against him following his involvement in the Guinness affair.

His name cleared, Lord Spens left court to launch a vitriolic attack on the Serious Fraud Office and other government departments, accusing them of acting with "staggering malevolence" against him and other defendants in the Guinness trials.

He is also considering suing Henry Ansbacher and the Bank of England for damages over his dismissal from the bank after details of the Guinness affair first became public.

Lord Spens was acquitted of the two charges of fraud and false accounting which had been left on the file following the collapse of the second Guinness trial last year.

The fraud charge related to alleged dishonest concealment of material factors relating to

the Guinness takeover of Distillers in 1986.

The role of Henry Ansbacher centred on the disputed ownership of 2m Guinness shares worth \$7.5m held by the bank during the takeover battle with Argyll.

The trial was abandoned after 73 days when Lord Spens' co-defendant, Mr Roger Seelig, the former Morgan Grenfell corporate financier, suffered a nervous breakdown while defending himself in court.

The trial judge, Mr Justice Henry, refused to acquit Lord Spens and ordered the "stay", saying he had brought the prosecution on himself.

Two High Court judges yesterday ruled Mr Justice Henry had been wrong to reach this decision since he did not have the power to order the stay.

However, they rejected Lord Spens' application for his legal costs, totalling about \$365,000, to be paid from public funds.

Lawyers for Lord Spens are considering whether this ruling can be challenged in the House of Lords.

Afterwards, Lord Spens launched a salvo of bitter criticism against the SFO, the

Home Office, the Department of Trade and Industry, the Bank of England, and the security services for "leaving no stone unturned" in trying to convict the Guinness defendants.

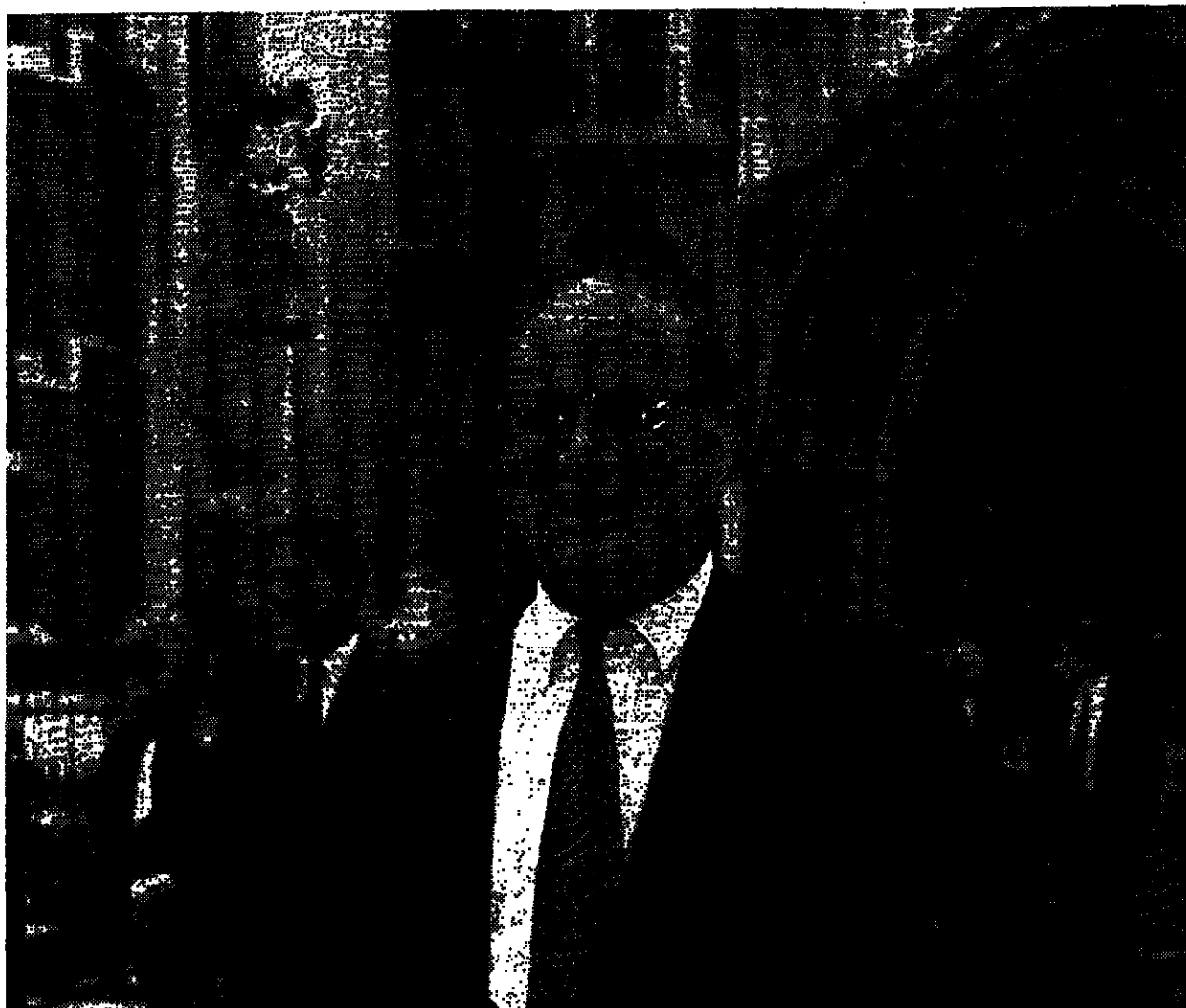
He said: "There have been burglaries, phone taps, harassment and overt threats to me and my colleagues; interference with witnesses' evidence, public interest immunity certificates and failure to disclose important documents."

"Roger Seelig's health has been destroyed and, but for a fine heart surgeon, I would have been killed off too."

"I intend to take my seat in the House of Lords where I will work, amongst other things, for the radical reform of the Serious Fraud Office, which I consider to be nothing more than a cowboy outfit with a gunslinger mentality."

Lord Spens said the prosecution had a "disastrous" effect on his personal financial situation, having cost him a total of about \$750,000.

He intends to return to work, but conceded this would probably be only on the "periphery" of the City.



Lord Spens leaves the High Court yesterday after winning his battle for acquittal on fraud charges arising from the Guinness affair

Tube faces new strike threat

LONDON Underground's plans for radical changes in staffing hit a new stumbling block yesterday after the white-collar union TSSA voted narrowly in favour of strike action. Lisa Wood writes.

The vote - 373 in favour and 343 against - was in protest at a Tube reorganisation plan which will alter terms and conditions for its staff with a reduction in salaries for about 30 per cent of employees. Unions also claim the plan could result in 5,000 lost jobs among the 31,000 employees.

Although belonging to a small union, TSSA members control signal installations and a strike could disrupt services.

Four days ago the RMT, the largest rail union, pulled back from a Tube strike after being promised renewed talks and no compulsory redundancies.

TSSA's executive will now meet next week to decide what to do next. The union said the vote had cleared the way for strike action.

London Underground said only about half the TSSA members had voted and the result seemed to indicate a reluctance to strike.

It added: "We hope we can provide additional clarification of our plans as we did with the RMT and which avoided strike action on that occasion."

Lamont card leak 'planned'

By Alan Cane

COMPUTER specialists yesterday ruled out opportunism over the leaking of Mr Norman Lamont's credit-card transactions. They said that the security surrounding bank card processing systems almost certainly ruled out chance.

One said: "Somebody wanted that information and somebody, not necessarily the same person, knew how to get it."

National Westminster Bank, whose Access subsidiary is the subject of an internal investigation and an inquiry by the

data protection registrar, yesterday refused to give details of its system security.

Mr Gary Tobin, a senior vice-president of First Data Corporation, denied his company could be responsible for the leak, which claimed Mr Lamont had overspent on his £2,000 Access card limit. The US computer company's UK subsidiary, First Data Resources, processes Access credit card data under contracts from National Westminster, Midland, and Lloyds Bank, as well as the Royal Bank of Scotland.

He said: "Some of the infor-

mation published is not held on our system, which makes it unlikely we could be the source of the leak."

It is not yet known whether details of Mr Lamont's account was obtained from a computer or paper records.

Card processors are conscious of their obligations under the Data Protection Act and financial data is typically processed in conditions of high security. Passwords and security badges are necessary to enter computer centres and codes are used to gain entrance to computer rooms.

Several levels of password will be necessary to gain access to the computer system. These systems, and printers used to produce warning letters, will be held in extra secure areas. Investigators will have access to an audit trail which will show which or terminal was used for every transaction, at what time, and which password was used.

It is unlikely, nevertheless, that each screen is held in a separate room. However, an organisation like Access could have more than 100 junior staff working on screens - allowing the possibility of electronic eavesdropping.

Politicians play the local numbers game

MR Michael Howard, the environment secretary, and Mr Jack Straw, his Labour shadow, have two things in common. Both are barristers and both have warned extensively against trusting forecasts of council tax levels.

Mr Straw's warnings derive from suspicion that the government is in the business of producing misleading figures. Mr Howard insists that council tax levels will be set by local authorities, and so he will not authorise any forecasts.

Mr Howard's approach contrasts with the government's readiness in past years to produce reams of poll tax numbers, at a time when there was greater freedom for councils to run their own budgets.

Nonetheless, he has not been able to avoid being drawn into the numbers game. In admitting the basis on which the department had been doing its grant calculations, he has made a significant contribution to the first set of forecasts which have already appeared.

The departmental figures cannot reflect personal circumstances. Single-person households will get a 25 per cent discount, 3m people in England on low incomes will pay nothing and another 2m will pay a reduced charge.

Nor can they reflect whether an individual's bill will be reduced through the £340m transitional relief scheme.

In broad terms, however, the department's figures give a reasonable guide to the likely levels of bills, provided that some caveats are taken into account.

The calculations assume, for example, that councils spend at the level of government assumptions, rather than take advantage of the slight scope for spending above that level that exists even in the increas-

ing rigorous "capping" regime which gives ministers extensive control over council budgets.

Other factors likely to increase the size of the bills include the allowance that councils will have to make for the potential shrinkage of the tax base, perhaps because there are more single-person households or because people successfully appeal against the banding of their homes.

And the ghost of the poll tax still hovers over local government finance, with poll tax arrears outside the capping system and - in a few areas - capable of adding substantially to council tax bills.

In a year when the settlement has been so tight, it may seem implausible (except in the London Borough of Wandsworth) that some bills could be lower than the department envisaged. Yet this may be true in some areas, because of the politics of local government.

The tax comes at a time when shire districts and counties are acutely conscious of the local government organisation review. Sir John Banham, who leads the review in England, is drawing up the first of his reports on how local government should be slimmer.

Ministerial preferences for unitary authorities have pitted councils against each other, while government emphasis on opinion polling as a factor in whether a council should survive, gives an incentive beyond

the county council elections in May to seek local popularity.

Council tax bills will show separately the costs imposed by a county and by a district: those councils which still have balances may well be tempted to use them to keep bills down as part of the campaign for continued existence, or in a final spending of their resources if they know they are doomed.

So far as national politics are concerned, decisions on local spending appear based on a cool judgment by ministers that it is more important to keep bills as low as possible than to worry about the squeeze on services. Seeing ministers stumbling from political disaster to PR calamity has become so familiar that it comes as almost a shock to realise that that judgment looks right in the immediate terms of Westminster.

The clampdown on spending, means that the transitional relief scheme, although modest in cash terms, should be enough to see off the worst concerns in London and the south-east among Tory voters.

A shrewd assessment of the position came from one Whitehall official who said: "The problem is likely to be with the [spending] settlement, not the tax."

Although cries of anguish from local authorities are routine in response to every recent local government finance statement, there is little doubt that this year budgets are under severe strain. The increasing noise from Tory councils in this chorus is an ominous sign that the spending settlement may lead to local revolt.

The opposition will need to work hard if it is not to be only local. The Commons is used to hearing reports of fewer home helps, fewer library opening hours, worse conditions in schools. It is harder for the opposition to embarrass the government with these examples than with the case of a pensioner couple in receipt of a squillion-pound poll tax bill, but it still looks the most likely ground for the battle.

Mr Straw has made a start, but there is a long way to go. For Labour, the task is to make the council tax about jobs and services.

PROPERTIES ASSESSED FOR COUNCIL TAX			
Band	Number in England	Number in London	Estimate of bill
A (under £40,000)	5,245,375	85,794	£329
B (£40-£52,000)	3,827,800	384,389	£384
C (£52-£68,000)	4,377,279	781,263	£439
D (£68-£85,000)	2,911,535	748,103	£494
E (£85-£120,000)	1,812,610	471,029	£594
F (£120-£160,000)	882,586	233,020	£713
G (£160-£320,000)	747,579	196,288	£823
H (£320,000-plus)	120,702	53,336	£988

Source: Valuation Office Agency Using Department of Environment figures

Straw attacks government pledges over council jobs

By Ivo Dawkins, Political Correspondent

ABOUT 45,000 local authority employees lost their jobs last year, Labour said yesterday, contradicting repeated government denials that there have been any redundancies arising from the council funding squeeze.

Mr Jack Straw, the shadow environment secretary, said the figures proved government pledges that the council tax would not affect employment were not to be trusted.

Mr John Major, said this week that past Labour warn-

ings of job losses "have never yet become fact" while Mr Michael Howard, the environment secretary, said there was "no need" for the new tax to provoke job losses.

Statistics compiled by Local Authority Joint Staffing Watch and examined by independent House of Commons researchers show that about 34,000 full-time and 11,000 part-time jobs were lost in England in the year to June, of which 6,700 were full-time teachers and 7,500 part-time teaching staff.

Mr Straw said the "conditional" language of Mr Howard during his statement on the

local government spending settlement had tacitly indicated there might be redundancies. He also quoted a Tory council leader in Harrow and Northwood anticipating job losses and service cuts as a result of government policies.

Releasing an action plan for Labour councillors, he stressed that authorities must make clear to electors that cuts are a direct result of central government parsimony. A careful look at the plan shows Labour has been put on the defensive.

It is aware many voters will blame the cuts in jobs and services on local politicians.

Dowty wins order from Lockheed

DOWDY AEROSPACE Propellers has won a contract for the design, development and initial production of the propeller system for the Hercules II, Lockheed's new military and civil transport aircraft.

The propeller company, one of the Dowty businesses acquired by TI Group earlier this year, will deliver the first propeller systems in 1995. Full production is expected to exceed 500 aircraft, giving Dowty sales of about \$300m (£197m) from 1996 to 2010.

Mr Christopher Lewington, TI Group chairman, said: "This is excellent news for Dowty Aerospace and for TI Group. It is a significant contract to win in a difficult market."

400 jobs to go in south Wales

NEARLY 400 jobs are to be lost at two south Wales engineering companies.

Borg-Warner, which makes automatic gearboxes, is shedding 235 workers at Margam, West Glamorgan.

Powell Duffryn is closing its Cardiff railway rolling stock workshops at Christmas with the loss of 136 jobs.

Record for Ulster tourism expected

THE number of visitors to Northern Ireland is expected to rise this year by 4.6% to a record 1.34m, the province's tourist board said in its nine-month survey yesterday.

Most visitors were from Great Britain and North America.

Quality assurance after water strike

NORTH WEST WATER yesterday said that the quality of supplies had been unaffected by strike action yesterday by Nalco, the public-service union.

Nalco members are taking selective action in protest at the water authority's plans to introduce performance pay and make about 300 staff redundant.

Union to ballot at Sweb Retail

ABOUT 300 members of Nalco are to be balloted at Sweb Retail, the jointly owned retailing arm of South Western Electricity and South Wales Electricity.

The ballot is over moves to change terms and conditions for 1,100 employees from those centrally negotiated in the electricity supply industry to those more in line with competitors in retailing.

Grid halves rise in south-west charges

NATIONAL GRID, which manages the electricity system in England and Wales, has agreed to halve proposed increases in charges for Devon and Cornwall to about a third of a per cent a year for four years.

National Grid decided earlier this year that charges reflect more the cost of provision.

There is a limited amount of exhibition space available at the conference

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Concern at directors' pay levels

By David Goodhart,
Labour Editor

THE LARGEST study of the link between top directors' pay awards and company performance has found there to be no such connection since the economic downturn began in 1989.

The study, of 288 of Britain's top 500 quoted companies, will add weight to the call by Mr John Major, the prime minister, for tighter control of pay in the boardroom in the light of the public-sector pay squeeze.

The researchers, from the London Business School and the Centre for Economic Performance at the London School of Economics, looked at the salary-plus-bonus level of the highest paid director - which has to be disclosed under the Companies Act - and companies' share price and dividend returns between 1983 and 1991.

They found that during this period the rate of growth of directors' remuneration averaged about 20 per cent per year and was "very weakly" linked to performance.

They said, however, that any such link broke down after 1988 "when the very high pay awards received by top directors in the recessionary period up to 1991 appear to be unrelated to the performance of their companies, whether corporate performance is measured using stock market data or using accounting data on earnings per share".

The researchers added that it was corporate growth that was the most important determinant of pay, "which calls into question the effectiveness of current systems of pay determination for top company directors".

The link between increase in sales and increase in pay was very strong, with a 50 per cent increase in sales leading to an increase of at least 10 per cent in pay.

They concluded that high

LOCAL authorities and the National Health Service are still having difficulty in recruiting certain types of specialist and professional staff, according to a survey by pay analysts Incomes Data Services.

This is in spite of the fact that the recession has generally eased recruitment and retention problems.

Local authorities have the biggest difficulty in recruiting environmental health officers. This is followed by engineers, accountants and social workers.

In the NHS the biggest shortages are reported for occupational therapists, clinical psychologists and physiotherapists.

pay awards for directors irrespective of the company performance should be a cause for concern for anyone who owns shares, directly or indirectly, since the failure to set incentives in ways that align the interests of directors with those of shareholders was likely to reduce shareholders' returns.

"Also, if remuneration is driven more by size than performance, then directors have a clear incentive to pursue merger and acquisition activity regardless of any benefit to shareholders, workers, or the economy as a whole."

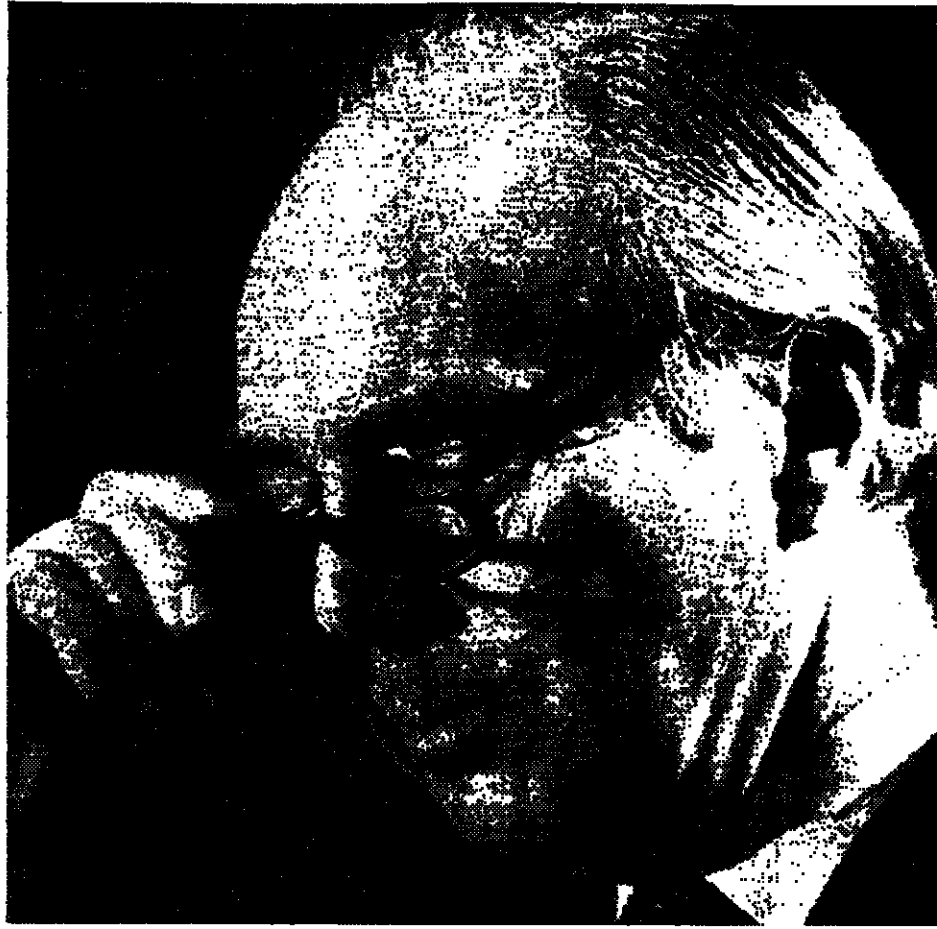
Another recent analysis by Incomes Data Services, the pay research group, with a sample of 89 of Britain's top 100 companies, similarly found "no discernible relationship" between performance and pay.

Of the 26 companies where profits and/or earnings per share fell substantially, 23 of the most highly paid directors received pay increases.

The Disappearing Relationship Between Directors' Pay and Corporate Performance, Centre For Economic Performance, Tel 071 955 7284.

Building bridges to the outside world

Richard Lapper meets a man who hopes soon to bring 'central disciplines' to the insurance market



David Rowland: "I've been very exercised by the way in which Lloyd's thought of itself"

MR DAVID ROWLAND is almost certain to be elected chairman of Lloyd's of London next week in succession to Mr David Coleridge. He said he aimed to make the insurance market less stuffy and more "user friendly" for the thousands who do business there.

"I have always worked with an open door," said the urbane Mr Rowland, 59. "Too often in the past things seem to have been done to separate us off from the outside world. People come to a dinner and go away wondering what Lloyd's is all about."

Mr Rowland said he would like to get closer to the market's traders than some of his predecessors. Ideally he would relocate his offices closer to the three lower floors on which the market's more than 200 syndicates conduct their business.

"I want to get as close to the market as possible - both the knowledge and the atmosphere," he said. "We want to persuade our visitors that the place is really humming."

Mr Rowland will work with Mr Peter Middleton, the tough-talking north-easterner recruited to Lloyd's from Thomas Cook, the travel concern, to be chief executive, and with Mr Brian Garraway, the former BAT Industries deputy chairman who will be in charge of regulation. They are offering more than changes in style.

They are promising a radical reform programme to improve the market's efficiency, to make it more competitive in the international market for specialised commercial insurance and reinsurance, and above all to make it more profitable.

That seems like a tall order. Lloyd's is still grappling with some of the worst trading conditions it has ever experienced. Mr Rowland will have to report losses of more than £1bn to Names, the individuals whose capital supports the market, when figures for the 1990 year become available. Lloyd's could still be in the red in the 1991 underwriting year.

Thousands of loss-making Names are in dispute with their agents and potential liabilities from North American pollution and asbestos claims could easily offset the impact of the recent increase in rates.

Mr Rowland has had a big hand in designing the reform programme. Last year he presided over a task force of 14 Lloyd's underwriters, brokers and outside experts, whose report - Lloyd's: A Route Forward - laid down 65 specific reforms and outlined a blueprint for far-reaching change.

Lloyd's has implemented many of the measures recommended by the report, including modifying the market's traditional principle of unlimited liability, giving Names new powers and rights and moving to attract corporate capital to the market.

The new team also plans to re-examine the market's approach to a number of problems considered to be almost intractable by the task force

report.

Mr Rowland says he is anxious to do more for the problems of Names who have been forced to leave the market because of past losses, sometimes suffering financial ruin.

The main aim of the reform programme was to enable Lloyd's to compete more effectively in international markets.

Mr Rowland is chairman of Sedgwick group, a broker which does well over half its business outside the UK, and he is more keenly aware of these realities than any of his predecessors at Lloyd's.

He was a member of the Lloyd's council - the market's governing body - between 1986 and 1990 and said the council failed to "appreciate the reality" of the way in

which companies from Europe and North America were eating away at its business.

He said: "I've been very exercised by the way in which Lloyd's thought of itself. I once threatened to hold up at each meeting a placard with the annual premium income of Allianz (the German company which is the biggest insurer in the world) just to encourage Lloyd's not to look inwards."

He said he was frustrated on the council by the cumbersome way Lloyd's ran its affairs and was particularly concerned about the way the demands of self-regulation inhibited the council's ability to provide effective strategic leadership to the hundreds of separate syndicates, agencies and brokers which do business in the mar-

ket.

Mr Rowland confessed "absolute fascination" with the problem of persuading a "fiercely entrepreneurial market" to continue competing while observing enough "central disciplines" to control the market.

Mr Rowland said: "On bad days you think it is impossible to reconcile these two things."

He takes heart from the fact that in the last few years many big corporations have sought to promote entrepreneurship within their organisations.

The issue was studied in detail by the task force which recommended that the Lloyd's corporation should separate its responsibilities for regulation and for providing business services to the market's syndicates and agencies.

Lloyd's agreed in the summer to do this, after much prevarication, creating a market board to spearhead business development. It was an important factor in persuading Mr Rowland to accept the chairman's job.

The decision to make the chairman's post a salaried one for the first - it will pay at least £400,000 a year - cleared a remaining obstacle for Mr Rowland, who said he needs a regular income.

Mr Rowland's interest in management might mark him off from many of the insurance market's old guard, but he is still - in some senses - a Lloyd's traditionalist at heart.

He has worked in or near the market all his working life and believes strongly in the market's historic strengths.

He said: "Until the early 1980s Lloyd's demonstrated itself as being the most efficient way of doing business."

Until the scandals of the 1970s and early 1980s "the whole quality of the place was that business was done because of a reputation of trust for the individuals within it".

Mr Rowland said that despite all his misgivings it was ultimately a belief in these values that persuaded him to accept the job.

He described his worst fear as being seen by two other players on the 18th hole of his favourite golf course missing a putt. "One man turns to the other and says: 'Isn't he the guy who they wanted to be chairman of Lloyd's?' And the other one turns and says: 'He can't putt either.'"

Income tax returns to fall

By Andrew Jack

INCOME TAX receipts will fall by 4 per cent this year, according to Inland Revenue statistics released yesterday.

The figures - which were compiled before the Queen agreed to pay income tax on Thursday - project total revenues from income tax at £80.6bn for 1992-93 down from a total £83.1bn for 1991-92.

The top 5 per cent of taxpayers will pay a larger proportion of income tax for the current year than for the previous 12 months - up from 31 per cent to 32 per cent.

The estimates suggest that the top 1 per cent of taxpayers will pay 15 per cent of income tax during the current year, the same proportion as last year, while the bottom half of taxpayers will pay 14 per cent, down 1 per cent.

The statistics show that there are 24.8m income tax payers this year, including 2.2m in the lowest range with gross income between £3,445 and £5,000, and 700,000 earning more than £40,000.

Total income before tax is £367.4bn and total income after tax is £306.8bn, giving an average income tax charge for taxpayers of 17 per cent.

Estimated personal wealth for 1990 is £1,235bn, with the distribution barely changed on the level last year. The top 1 per cent of the adult population held 14 per cent of wealth, the top 10 per cent 43 per cent and the top half 90 per cent.

In 1989-90, the latest year for which accurate data is available, employment income accounted for 71 per cent of total income of £333bn. Profits and professional earnings were 11 per cent, investment income 11 per cent, occupational pensions 4 per cent and national insurance pensions 3 per cent.

Inland Revenue Statistics 1992 HMSO, £19.50.

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BOEING

NEWS: UK

Cadbury committee to demand code compliance from companies

De-listing penalty urged

By Andrew Jack

QUOTED companies should be required from next summer to state whether they comply with the Cadbury code of corporate governance on pain of de-listing by the Stock Exchange, the Cadbury committee has decided.

The recommendation will come in the final version of the Cadbury report due out on Tuesday, and represents determination by the committee to stand fast against opposition to the penalty by the exchange.

Companies failing to provide a statement in their annual accounts saying they comply with the code - or giving reasons why not - are likely to

be forced by the Stock Exchange to issue a statement. Any which did not comply could ultimately be de-listed, although the Stock Exchange is keen to play down this measure.

In an interview with the Financial Times, Sir Adrian Cadbury, chairman of the committee on the financial aspects of corporate governance, called the disclosure "an essential piece of the machinery" for effective corporate governance.

He said the main parts of the report would resemble the original issued last May, with greater clarification that non-executive directors remain an integral part of a unitary board of a company with the same

obligations as executive directors.

This follows criticism from bodies including the Confederation of British Industry that the report called for non-executive directors to take on a separate, supervisory role, creating a two-tier board structure.

The report will continue to request a statement of compliance, but will rely on the Auditing Practices Board to develop detailed guidelines on which aspects of the code auditors will comment.

Sir Adrian said the new version of the report would be written more clearly, in an effort to make it a more usable long-term guide for boards. It will also acknowledge that

there are some concerns over the Caparo judgement in the House of Lords, which severely limits the legal responsibilities of auditors.

He dismissed criticism that the recommendations would not prevent another failure of corporate governance such as the activities conducted by the late Robert Maxwell.

He argued that it would influence the greater majority of companies.

Some 210 organisations and individuals have responded to the code since it was issued.

Sir Adrian said the report would be followed by a series of other studies outside the present remit of the Cadbury committee.

Accounts changes 'need clearance'

By Andrew Jack

COMPANIES ARE to be urged to request clearance for any innovative accounting treatments before using them in their annual accounts.

The Financial Reporting Council, the co-ordinating body for Britain's new accounting standards regime, is to ask companies and their auditors to discuss innovative accounting approaches with the Urgent Issues Task Force.

The move will bring the work of the task force more in line with its equivalent in the US, where companies regularly ask for expert opinion in a similar way.

The British task force tends to be merely reactive, acting to stamp out perceived accounting abuses after they appear in a company's published accounts.

The call for pre-approval will come in the council's annual report, which is due in mid-December. It follows discussion of the issue at the board meeting earlier this week.

While the Accounting Standards Board has embarked on a lengthy and ambitious programme to overhaul UK financial reporting standards, the

task force has acted more quickly on points of dispute. It has issued several controversial guidelines in the past few months, including one on the treatment of the goodwill element of acquisitions when sold and one on transfers between fixed and current assets.

The latter ruling was widely seen as a response to the treatment of Trafalgar House's 1991 accounts, which led to the company being forced by the Financial Reporting Review Panel to reduce its pre-tax profits by £5m.

The Accounting Standards Board also told the council board meeting this week that it only expected to issue two new financial reporting standards next year: on off-balance sheet financing and on capital instruments.

It said this reflected the intention to consult widely on the issues and to give preparers of accounts and the accountancy profession time to change.

The ASB has already issued three standards since it was created just over two years ago, including one in late October on the structure of the profit and loss account.

Mark Thatcher accused on arms

By Ivor Owen, Parliamentary Correspondent

MR MARK THATCHER, son of the former prime minister, was alleged in the Commons yesterday by Mr Tom Dwyer, Labour MP for Llanelli, to have been "up to the neck" in selling arms-making equipment to the Iraqis.

Mr Dwyer also accused Mr Alan Clark, the former trade minister whose evidence led to the arrest of the defendants in the Matrix Churchill trial, of not telling the truth to the Commons trade and industry committee.

Mr Dwyer, speaking with the protection of parliamentary privilege, said statements made about Mr Thatcher in the Channel 4 programme Dispatches raised questions going to the heart of government and had to be cleared up.

He insisted he was not getting at the former prime minister, but suggested Iraq might be forgiven for being surprised by the reaction of the west to its attack on Kuwait.

He said the Iraqis knew that Mr Thatcher was "up to the neck" in selling them arms making equipment. There was a good deal of circumstantial evidence that they

had jumped to the conclusion that "if Mark Thatcher was involved the general policy had the imprimatur of prime ministerial approval".

In the course of posing a series of "very serious and careful questions," Mr Dwyer asked whether the government could confirm or deny allegations about a deal made in September 1986 for British arms to be supplied to Saudi Arabia.

Had Mr Thatcher been paid £10m in commission, with a promise of a further £10m, after the signing of a memorandum of understanding?

Mr Dwyer called for a strengthening of the powers of Commons committees after alleging that Mr Clark had played "ducks and drakes" with the trade and industry committee.

Mr Dwyer said "A lot of his evidence was frankly just not true and not what he must have known to have been the truth".

Mr Douglas Hogg, foreign office minister of state, who stressed that reassessment of relationships with the Arab world was the primary purpose of the debate, ignored the questions about Mr Thatcher.



A "bankers shuttle" airline service between London and Frankfurt is to be launched in the spring. Paul Betts writes. Business Air, a small Aberdeen-based carrier, plans to start operating the shuttle from London City Airport in Docklands with three flights a day using a British Aerospace 146 regional jet. The services are a further boost to the airport, which is trying to establish itself as a business airport with connections to the other European business centres. Since the recent extension of the runway, Eke 146 jet services have been launched this year to Zurich and Berlin, among other destinations. Mr Ian Woodley, Business Air's managing director, said yesterday that his airline was considering services between Aberdeen and London City.

Chief chosen by 3i lobby

By Paul Cheeseright, Midlands Correspondent

COMPANIES in which 3i, the venture capital group, has an investment yesterday established an organisation, which has not yet been given a name, to represent their collective interests.

Representatives from about 88 companies gathered at a private meeting in Birmingham and decided unanimously to found the organisation. A further 120 companies have made commitments to join.

Mr Barry Baldwin, managing director of A.E. Poeten, metal finishers, will be the first chairman.

The decision to found an organisation was prompted by concern over the future of individual companies once 3i is floated on the stock exchange.

There have been fears that, to maintain dividend payments to its new shareholders, 3i might take a short-term view of its risk capital investments.

The biggest venture capital group in the UK, 3i, has investments in over 4,000 UK companies.

It is owned by the Bank of England and the clearing banks, with Barclays and National Westminster as its biggest shareholders.

A Stock Exchange flotation, which would have valued 3i at more than £1bn, was planned for this year but has been delayed.

Before the Birmingham meeting, there were complaints from some of 3i's client companies about a lack of communication and a lack of interest from 3i. There were proposals that client companies should have representation on the 3i board and have preferential treatment in any 3i share issue.

But after the meeting, members of the seven-strong committee set up to run the new organisation were anxious to distance themselves from both such proposals and any criticism of 3i. They stressed the need for communication with 3i.

"As far as I am concerned, we are starting with a clean page. We just want to talk," said Mr Baldwin.

Mr Alan Wheatley, chairman of 3i, told colleagues he would be glad to meet Mr Baldwin to discuss new ideas.

The new organisation is the brainchild of Mr John Garrod, chairman of Rise-Vent, a Tyne and Wear engineering company, which sponsored yesterday's meeting.

Rise-Vent has issued a writ against 3i, alleging negligence. To avoid a conflict of interest, Mr Garrod declined to stand for election to the new organisation's committee.

Banks seek Lamont meeting

By John Gapper, Banking Correspondent

BANKS responded yesterday to criticism that they have not passed on all base rate cuts to small businesses, and asked for a meeting with Mr Norman Lamont, the chancellor.

The move came as a study of small businesses' relationship with banks found most did not think bank charges were unreasonable, but arrangements for fees and for minor administrative services caused considerable irritation.

Sir Nicholas Goodison, president of the British Bankers' Association, wrote to Mr Lamont requesting a meeting. The association said it waited 10 days for bank chairmen to be contacted by Mr Lamont after he said he wanted a meeting.

The association's letter marks an attempt by banks to defend themselves against charges of making excessive profits from small businesses.

Mr Lamont asked the Bank of England to extend an earlier inquiry into bank lending.

Sir Nicholas said in his letter that the Bank's inquiry last year into lending policies had shown that criticisms were "largely unjustified". He said

he wanted to discuss recent criticisms in that context. Sir Nicholas said he and senior bank executives wanted to talk about "the effects of the economic background of the last few years on the banks, and the need for a strong banking industry based on sound capital and fair competition".

Mr Lamont told the Commons Treasury and Civil Service committee 10 days ago that he would ask the chairmen of the clearing banks about lending policies. The association said none of its members had been contacted.

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Music factory falls foul of recession

Michael Skapinker on the threat to 'independent' companies from the big recording conglomerates

WHEN FACTORY Communications, the Manchester-based music company, went into receivership this week it was honest enough not to heap all the blame on the recession.

The company said that the "factory tried to do too many things, from adventurous buildings to ambitious recording projects, at a time when some foreboding of the negative economic climate to come might have suggested restraint".

The collapse of Factory, which was founded by Mr Anthony Wilson and closely associated with Manchester's 1980s youth culture boom, casts further doubt on the viability of independent music companies. Many of those that have survived have done so only by selling out to large publicly quoted music conglomerates.

Last March, Mr Richard Branson sold his Virgin Music group to Thorn EMI. PolyGram, the London-based music group owned by Philips of the Netherlands, bought Island Records in 1989 and A&M Records in 1990. Geffen, an independent US label, was acquired by MCA in 1990. In the same year, MCA was itself taken over by Matsushita, the Japanese electronics conglomerate. In deciding it needed a music business, Matsushita was following Sony, which in 1988 bought CBS, the US record company.

One of Virgin's founders, Mr Steve Lewis, says: "As soon as a small, under-funded independent has a success, it finds it doesn't have the money to keep the artist." Mr Lewis left Virgin after it was acquired by Thorn EMI and is about to set

up a music company for the UK-based Chrysalis group.

Mr Daniel Miller, chairman of Mute, one of the surviving independents, says: "It's much more difficult now for an independent than it was 10 years ago." Sales of singles are much smaller; companies have to produce albums. "Now you have to do a lot of re-mixes, you have to make a video, and you have to spend so much more on marketing."

With the costs of marketing and international distribution encourage the trend towards music industry consolidation, many artists and managers prefer the intimacy of a smaller company. Singer George Michael has complained of being treated as a commodity by Sony. Some executives who have sold part or all of their company to large music groups have not enjoyed the experience.

Mr Chris Wright, Chrysalis chairman, sold 50 per cent of his group's recorded music company to Thorn EMI in 1989 and the remainder last year. He felt that his company was no match for its larger partner.

"They say there's no such thing as a joint venture and there's no such thing as a merger. You have to experience that to know that it's true," he says.

Undaunted, he is starting again. Chrysalis' new label hopes to stand midway between the larger companies and the smaller independents.

Mr Lewis says that the company intends to grow while

keeping costs down by, for example, using freelance press and promotions staff. He believes he can avoid the company trappings he encountered during his brief period at Thorn EMI.

Mr Lewis, whose last position at Virgin was managing director of music publishing, says: "When EMI bought Virgin, my financial controller was given a book the size of an encyclopedia on how to do the accounts."

He adds: "I've observed during my time in the industry that it has become more controlled by the legal and financial professionals. They seem to have the attitude that they want consistency of product. That's why George Michael feels he's treated as a piece of software. Artists' careers don't necessarily develop consistently. Artists take diversions. If you've got artists in their twenties, you have to let them grow and find their feet."

Some executives at large groups say they recognise these problems and believe smaller companies play a crucial role.

Mr Alain Lévy, chief executive of PolyGram, says: "The independents are an important source of new product. New artists feel more comfortable in the environment of an independent - certainly for the first record."

Several of the large groups have taken partial stakes in smaller labels, promising them continued creative independence.

Mr Lewis says that the company intends to grow while

Last August, Sony formed a joint venture with the UK independent Creation. PolyGram has had a joint venture with Go! Discs since 1987. Go! Discs, whose artists include Billy Bragg, was founded in 1983 on a start-up budget of £750.

Mr Lévy says he tries to give PolyGram's labels, which include Polydor, Decca and Deutsche Grammophon, as much managerial independence as possible.

"Once a year they are given budgets and profit targets, but within those overall controls we let the labels operate on a quasi-autonomous basis. If you create a huge bureaucracy, new artists won't come to you. The person the artist speaks to must be able to make a decision, or the person above them must be able to. If it goes higher than that, it's a problem," he says.

Mr Wright of Chrysalis will not be the last independent company manager who finds that this relationship does not work well. A link with a large company does, however, give small labels access to an international marketing and distribution network and provides them with an infusion of new capital.

Mr Lewis points out that while marketing and distribution costs have soared, the advance of digital technology means it has never been easier to record music. "A kid can go into a shop and buy the necessary equipment and put it on the back seat of a car," he says.

Although growth is difficult, entry costs are low and working in the music business is the ambition of many. Whatever the perils, there will be others to take Factory's place.

REPEAT CALL TO TENDER FOR THE HIGHEST BID

for the Purchase of the Assets of "VIEX Constructions and Equipment of Industrial Facilities", of Athens, Greece.

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skouloniou Street, Athens, Greece, in its capacity as Liquidator of "Vix Constructions and Equipment of Industrial Facilities", a company having its registered office in Athens, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990, announces a repeat call for tenders for the highest bid by submission of sealed binding offers for the purchase by public auction (the "Auction") of the assets of the Company, as a single whole.

BRIEF INFORMATION: The Company was founded in 1980 and until 1991 (when it was first declared under liquidation in accordance with article 9 of Law 1386/1983) was involved in the study, construction and manufacturing of all kinds of industrial equipment and facilities, machinery, cars etc. The operation of the Company ceased in 1991. No personnel is currently employed. The Company assets include facilities built on a land of 36,019 m² in Mandra, Attica, facilities built on a land of 4,650 m² in Piraeus, and a 50% share on a land of 5,246 m² in Larissa. Assets also include machinery, mechanical equipment and trade marks.

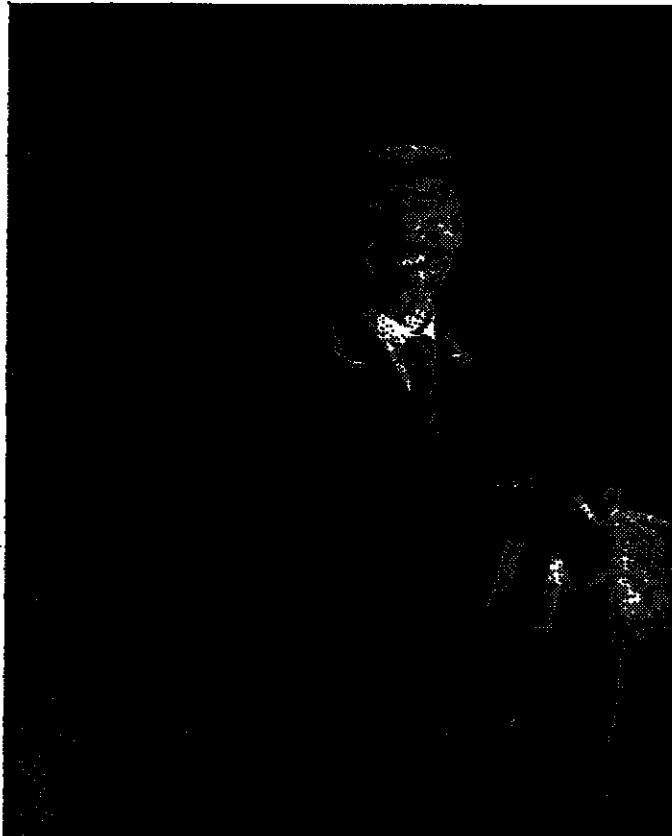
OFFERING MEMORANDUM-FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION


- The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Binding Offers:** For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 22nd December 1992, 11.00 a.m., to the Athens Notary Public George Stefanakos, address: 39 Academias str., Athens, tel: +30-1-645.04.22 +30-1-360.69.69 Fax: +30-1-645.04.23. Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee:** Binding offers must be accompanied by letters of guarantee, for an amount of drs eighty million (80,000,000), issued, in accordance with the draft form of letter of guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to be valid until the adjudication. Letters of guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the letters of guarantee shall be forfeited as a penalty.
- Submissions:** Binding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
- Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in his office, on the 22nd December 1992, at 13.00 p.m.. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
- As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account which shall be calculated on the basis of a discount interest at an annual rate of 26% compounded quarterly or yearly.
- The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect to the participation and the transfer of the asset offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor shall the participants acquire any right, power or claim from this invitation and/or their participation in the Auction against the liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated into English. In any event the Greek version shall prevail.

For obtaining the Offering Memorandum and for any further information please apply to the Liquidator's agent: Mr. Constantinos Christopoulos, address: 56, Panepistimiou str., Athens, tel: +30-1-3632047 or 3231484, fax: +30-1-3217905.


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Saturday November 28 1992

The stresses on Europe

MR BILL Clinton, president-elect of the US, is the only leader - or soon-to-be leader - of a major industrial country who can look upon last week's economic news with pleasure. He may have the good fortune to inherit exactly the recovery Mr George Bush had claimed. By contrast with the better news from the US, the monetary data emerging from Japan are deeply disturbing. Japan's plight is greatly exacerbated by its political disarray. But if the Japanese political class is at sixes and sevens, what of Europe's? A feedback from political failure to economic disappointment and back again is becoming too firmly established.

When the original estimate of 2.7 per cent for the rate of US economic growth in the third quarter was announced before the presidential election, it was widely regarded as unrepresentative. Now the figure has been revised upwards to 3.9 per cent. This then was the strongest quarter of Mr Bush's presidency, but it came too late to save him. Will Mr Clinton avoid the temptation to over-egg the recovery pudding and concentrate instead on the medium to long-term problems of the US economy, on lines recommended by this week's OECD report?

Other economies look much more fragile. It seems strange to write of a Japan that is in serious difficulty. But it is. Japan is now in its first home-grown postwar recession.

This recession is driven by the asset price deflation that followed the inflation of the late 1980s. It reflects, in particular, the damage done to its banking system. Bad loans at the top 21 banks alone could total ¥55,000bn (£285bn) over the next five years, equivalent to 12 per cent of gross domestic product. Not surprisingly, the broad money supply contracted by 0.6 per cent in October. Such a decline suggests the possibility, however remote, of a depression. But the OECD report on Japan, like the Japanese authorities, seems unwilling even to contemplate this threat.

Political infighting

Japan is inhibited by political infighting from addressing its problems effectively. The same is true of the European Community. The rot is affecting virtually every aspect of EC affairs: completion of the single market; resolution of the conflict over the EC budget; ratification of the Maastricht treaty; completion of the Uruguay Round of multilateral trade negotiations; and, not least, the ERM. In the aftermath of the devaluation of the Spanish peseta and the Portuguese escudo last weekend, the Irish punt has remained close to its floor, while the Danish

krone and the French franc have languished in the bottom half of their bands. The Irish and Danish currencies have been weak, despite overnight interest rate differentials this week of 4-4½% the D-Mark of as much as 31 and 31 per cent respectively, and still higher this weekend. Such rates are not a long-term solution, for the simple reason that they cannot be sustained for very long.

With such pressure on the outer fringes of the remaining inner core, the party of the French franc has come once more into question. Economic logic suggests that the D-Mark should no longer be the pivotal currency in the ERM. But the determination of the Bundesbank to sustain its historic primacy, ensures that it is.

Biggest nut

Those, like France, still in the ERM at their old parties are being penalised, first, for the markets' conviction that the D-Mark will remain the strongest currency; second, for the Bundesbank's determination to ensure that that remains the case; third, for the inability of the German leadership to finance German unification without huge levels of borrowing; and, finally, for the willingness of member countries like Italy, the UK or Spain to devalue.

The French franc is the biggest nut in the ERM nutcracker. This week's German figures and pronouncements underline the Bundesbank's determination to go on squeezing. German M3 (broad money) grew at a seasonally adjusted annual rate of 10.2 per cent in October, higher than the figures for September and August and hugely above the upper target of 5.5 per cent for the year. Underlying German inflation seems to be running at some 4 per cent. To make matters gloomier, Mr Hans Eichel, widely expected to be the next Bundesbank president, argued that inflation could remain a serious threat to Germany for the rest of the decade.

What happens now depends almost as much on European politics as economics. Will Germany finally take the fiscal action that is required, not at the behest of Mr Norman Lamont, but in response to the urgent needs of the French? Mr Kohl's pronouncements suggest not. But is there any other way out for the ERM and, if not, what does his commitment to Franco-German co-operation amount to?

The EC badly needs a success of some kind. But it depends on the battered British government, in the last leg of its dismal presidential campaign. Can Mr Major show the vision and achieve the compromises needed at the Edinburgh summit? Hope is possible; confidence is another matter.

It is not an anniversary he can relish. As Mr John Major this weekend contemplates two years in Downing Street, the unspoken question among his colleagues is whether he can be confident of a third and fourth.

The answer is almost certainly yes. For all the errors, the self-inflicted wounds and the sheer bad luck of recent months, there has been no challenge to his leadership.

But the simple fact that the question must be asked - and the response must be qualified - underlines the failure of his government to deliver on its promises.

When he first crossed the threshold of Number 10 on November 28 1990, Mr Major promised to replace the final, frenzied, spasms of Thatcherism with policies to create a nation at ease with itself. Instead, two years of unremitting economic gloom have left the country depressed and demoralised. Caring Conservatism has a distinctly hollow ring.

There is time for the prime minister to make amends and for the government to demonstrate the competence and authority which have deserted it since the September 16 when sterling's departure from the European exchange rate mechanism tore the heart from its economic strategy.

If the Tory party and its leader keep their nerve, they have more than four years to fashion new policies from the wreckage and to erase the bad memories from the minds of the electorate. More than one minister has recalled in recent weeks that Harold Wilson survived the humiliating devaluation of 1967.

And, for the moment, the Palace of Westminster has been enveloped by an eerie calm. Save for this week's revelations about the less-than-healthy state of the chancellor's personal finances, the government has been spared embarrassing headlines for nearly two weeks.

The barricades in Downing Street have been dismantled. Mr Major has appeared relaxed, if still fatigued, as he has returned to the ordinary business of government.

He played a pivotal role in securing last week's farm trade agreement between Brussels and Washington. He is now mounting a start on the intricate negotiations which will precede the Edinburgh EC summit in 10 days. He has performed well in the House of Commons in the past few weeks, comfortably outscoring Mr John Smith in his question-time duels with the Labour leader.

The government's supporters at Westminster - exhausted by the rows over Europe, the coal industry and the economy - have paused to lick their wounds. The economic recovery package which accompanied the Autumn Statement was well received. Tory MPs have turned their energies from faction-fighting on the backbenches to delivering the government's legislative programme.

A senior minister says the same calm has returned to the cabinet table. A colleague offers an engagingly frank assessment: "We are still in an enormous hole but we seem to have stopped digging."

Mr Major has made some bad mistakes: over the coal closures, in his handling of the arms to Iraq controversy as well as the ERM debacle. They may well deprive permanently his premiership of the youthful magic that came with victory against the odds in the April general election. He shares the weakness of many in the still relatively inexperienced team he has assembled in Downing Street: an unwillingness to admit those mistakes. It

Two years on, John Major has survived several storms but still lacks a cohesive programme, writes Philip Stephens It hasn't been a piece of cake

makes him appear brittle and defensive.

But he is a more resilient politician than his critics sometimes imagine. He is clear-thinking and patient. He is determined to survive. The odds are that he will.

The real question now perhaps is whether he can do more than that. Holding on to office is not the same as governing the country. The sticking plasters, U-turns and tactical swerves which have characterised policy since Black Wednesday are no substitute for a coherent strategy. Mr Major's government has to rediscover its energy and sense of purpose.

The pessimists at Westminster - and there are plenty within the Tory party - after the misfortunes of the last two months, see little immediate hope. The recession continues to drain the government's authority. The Treasury's forecasts point to no early respite. The consequences threaten to deprive the Conservatives of their most powerful political weapon: the scope for cuts in income tax.

So it is not hard to sketch the gloomy scenario in which Mr Major remains a helpless prisoner of events as his government stumbles from one crisis to another.

Output continues to fall, unemployment to rise. The government is forced to confront again the issue of closures in the coal industry. Public borrowing surges ever higher. The Treasury's budget deficit tax increases just as the bills for the council tax land on the nation's doormats. The nurses mobilise opinion against public sector pay restraint. Euro-sceptics in the Conservative party call an end to the truce in their civil war over Maastricht.

Perhaps. But the prime minister's friends argue with some justice that the pessimists ignore the undoubted successes of Mr Major's leadership and his capacity to adjust.

The critics also may be making the mistake of projecting the present into an indefinite future. If there is a single lesson to be drawn from events of the past six months it is the speed with which the political mood can change.

Mr Major's defenders have a point. After his victory on April 9, there were few who suggested anything but that the prime minister was secure in office for at least five years and, quite possibly, for a decade.

The dark prism of recent months obscures the undoubted triumphs of his premiership. The conventional wisdom now is that Labour could never have won the election. It did not seem like that at the time. If Mr Major's scorching oratory was derided by the chattering classes, the electorate decided otherwise.

He has restored cabinet government, decision-making by consensus rather than by dictat. Those



who delighted in Mrs Thatcher's authoritarianism see it as sign of weakness. But amid the disasters of the past few months the restoration of collective responsibility has proved a useful shield.

The anxiety now about the introduction next April of the council tax has tended to obscure Mr Major's success in ridding the country of its destructive predecessor.

His first foreign policy decision two years ago - to rebuild the bridges with Mr Helmut Kohl which had been burnt by Mrs Thatcher - has paid handsome dividends. It was Mr Kohl who gave Mr Major the support he needed to strike a deal at Maastricht. There are signs that the German leader may do the same again when the British pres-

ident is in office.

But the policy which underlines his commitment to the treaty - swapping the angry Atlanticism of his predecessor for a policy aimed at keeping Britain at the centre of the European debate - is judged by most at Westminster to be compellingly right.

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dency struggles to put the community back on course at next month's Edinburgh summit.

The prime minister has also begun to take a grip on the government's economic strategy. He cannot escape the blow to his political and personal authority delivered by the ERM debacle. Nor with the economy in its present state can he argue with much conviction that the permanent defeat of inflation - once the centrepiece of his manifesto - is anything more than a pipedream.

But after the initial shock of Black Wednesday the prime minister was the driving force behind the conversion to economic pragmatism reflected in the measures which accompanied the Autumn Statement. The abolition of restrictions on private financing of public sector projects, the investment incentives for industry and the tax concessions for motor manufacturers were pushed hard by Number 10 against a reluctant Treasury establishment.

The government's policy now is to contain rather than eradicate inflation; and to deliver economic growth. It is one which recognises the importance of manufacturing industry and exports. His aides insist that the concept of a partnership with industry, which the prime minister floated in his speech to the Lord Mayor's banquet earlier this month, will be a recurring theme.

A cabinet colleague admits happily that such policies mark another U-turn for a Conservative party which, in the 1980s, seemed to believe that manufacturing did not really matter: "But if it works who cares?"

The recent calm has allowed the government to focus again on other strands in its manifesto. The Citizen's Charter remains a target of derision but the critics may be underestimating its impact in transforming the public sector from a provider to a purchaser of services. The Education bill marks another step along the road to individual choice which Mr Major argues is at the heart of his approach. The Employment bill, currently before parliament, will mark the final nail in the coffin of trade union hegemony.

After the upheavals since Black Wednesday this is not enough. Without a distinctive centre-piece for his economic strategy, Mr Major must give greater coherence to his government's programme. He has not yet found the rhetoric to translate a series of piecemeal measures into a cohesive philosophy. His premiership still lacks definition.

In part it is a question of personal authority. Mr Major has been hardened by the ordeals of the past two months. But his enemies are not alone in complaining that Number 10 is neither decisive enough in its leadership nor robust enough in confronting critics.

One test of his leadership over the next few weeks will be whether Mr Major is ready to reshuffle his cabinet. The growing consensus among his ministers is that the new economic policy demands a new face at the Treasury. Moving Mr Norman Lamont would require a toughness that the prime minister has yet to demonstrate.

But more than anything else Mr Major needs economic recovery to restore his government's balance. The animosities and resentments in his party and the discontent and anxiety in the country at large will only be eased by a return to prosperity. Until then the best he can say is that he is bloodied, bowed but still standing.

WOMAN IN THE NEWS: The Queen

Exception to the rule

Monarchy becomes Elizabeth Windsor. She does the job well. She has outgrown the natural disadvantages of one who never went to school, never learned to mix as an equal with others of her own age, and, initially at least, had little more than formal contact with persons outside the narrow periphery that surrounds the royal family. Five years into her reign, when she was still an apprentice, her speeches were described by the erstwhile Lord Altrincham (now John Grigg) as prim little sermons; her style of speaking, he wrote in 1987, was "pale in the neck". The words that were being put into her mouth were appropriate to "a priggish schoolgirl, captain of the hockey team, a prefect, and a recent candidate for confirmation."

Mr Grigg's comments caused a furore at the time. An elderly crank hit him. An Italian monarchist challenged him to a duel. Today that long-forgotten text should serve the Queen well. The contrast between then and now is to her advantage. She was a nervous young woman. Her voice and manner were stilted. Her public demeanour was heavy with responsibility. But 35 years later she is a mature sovereign, a mother who has suffered as would any other from the sight of the marital difficulties afflicting her children, a matron with a long memory and a definite sense of humour.

Her 40 years' experience of public life prepared her for the moment when she was obliged to come clean, which she did in her celebrated "annus horribilis" speech on Tuesday. Yes, she intimated, she did hate it when her family was pilloried by the media. True, she hinted, it was indeed unpleasant to be attacked for not paying taxes, or

for being so wealthy that she should have contributed to the cost of rebuilding the burned-out segment of Windsor Castle.

She was appealing for sympathy but her heartfelt remarks, delivered in the husky tones brought on by a cold, did not reduce the tabloids to quivering respect. Those years are gone. Do not blame the messengers: they largely reflect the sentiments of their readers. In 1952 the young Elizabeth inherited not only the throne but also the affection in which the nation had held her father. During the war, class distinctions were forgotten. By his sharing of their experiences King George VI had won the undiluted allegiance of the British people. Unexpectedly, he died aged 56. The then Princess Elizabeth was 26. Not yet ready for coronation, she became Queen-Emress; her reach stretched around the globe.

Today the Commonwealth means more to its titular head than it does to most of her subjects. In Britain the monarchy is fondly regarded as a mildly decaying domestic institution. As such, it is the subject of cartoons, TV lampoons, common-place jesting and, on occasion, the nastier manifestations of envy. How it is viewed by people in the former colonies, some of which have discarded it, is a matter of little concern back home. Among the generalality of the Queen's British subjects deference is an outdated notion, although there is still a tendency to fawn when politicians, or business-folk, or other distinguished persons are invited to the palace. Those who seek honour, or recognition, are positively enthralled by contact with any royal.

The Queen is accustomed to obsequiousness. It is, to her, a natural part of her life. Yet she shows every



sign of enjoying her job, which she takes seriously. She is proud of remembering many of the names, and recognising many of the faces, of those of her guests she greets personally. She likes being flattered, and bowed and curtied to, and treated as the pivot of the constitution by a succession of prime ministers, some of whom have sought to out-DIsraeli Disraeli, the Victorian prime minister who wooed his Queen. She has a strong sense of royal vocation. When there is a matter of state the TV cameras confirm that her dignity and composure are exemplary.

Her highest duty, as she sees it, is to preserve the monarchy. She had previously taken advice on how to maintain the affection of the people; this led to two intimate TV portraits of her family of which the latter, a close-up of the Queen herself, was surely the more appealing.

She came across as a race-horse owner, a countrywoman, a professional monarch with a twinkle in her eye. But in mid-slump, and with tabloid scandals appearing every day, that was not good enough. There is no widespread demand for a republic, but the feeling that people want a less extravagant, less patronising, less privileged monarchy is palpable. The almost universal reaction to the Windsor Castle fire last weekend convinced both the government and the palace that slowly-gestating plans for the Queen to subject herself to taxation had to be brought forward immediately. She was ready to be so persuaded by Mr John Major.

The torrent of criticism should now abate, at least for a while. The history of the monarchy is one of survival by adapting to the pressures of the time. The events of this week - the Royal cry for help and the Royal decision on taxation - are fully consonant with that history. Yet the adaptations the Queen has been obliged to make since 1952 have all served to diminish the importance, if not the stature, of the institution she personifies. As the significance of the Commonwealth has shrunk, so has that of the Crown. As Britain has moved to middle-ranking status, so has its head of state. As the costs of maintaining a rumbustious extended family have risen, so the esteem in which the enterprise has been held has dwindled.

During the fifth decade of her reign there may be further changes. The European Community accommodates monarchies, but the complexities of membership put into question Britain's highly centralised, unwritten constitution. Celtic demands for self government may again become vocal. The Conservatives seem set to hold office indefinitely; single-party government, exercised in the name of the Crown, cannot be good for democracy. While Queen Elizabeth is on her throne she will continue to be the British constitution made flesh. Her successor may be a mere boy on a bicycle.

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هكذانه الأصل

Mr Ignatz Bubis, chief spokesman of the small Jewish community in Germany, does not believe that he needs any special security measures at his home or office in Frankfurt.

Yet he has closed-circuit television screens in his offices, and a heavy metal barrier guarding his front door. "I don't think it is necessary, but the police insist that I take precautions," he says.

Over the years, he has received a steady flow of anti-Semitic letters, being a prominent member of the community of a political party (the Liberal Free Democrats) and a prosperous businessman, but recently they have changed. "They always used to be anonymous," he says. "Now they often enclose their names and addresses." The suggestion is clearly that the racists have lost their fear.

In recent weeks Mr Bubis, 65, who was elected chairman of the Central Council of Jews in Germany in September, has been thrust into the limelight as a leading critic of government inaction over the wave of violent attacks on foreigners in the country. In the past week, since the murders of a Turkish woman and two girls in an arson attack in the northern town of Mölln, he has seldom been off the television screen. At the same time, he has been a voice of calm and moderation, refusing to see the incidents as a portent of a return to Nazi rule.

The Jewish community in Germany numbers between 35,000 and 40,000 today, a tiny residue of the 600,000 who lived there before the Holocaust. It retains an importance far beyond its numbers, not merely as a reminder of the past, but also as a symbol of hope for Germany's ability to cope with any new manifestations of xenophobia.

The views of Mr Bubis and his fellow Jews, therefore, are critical in the exploding debate over immigration fears, the wave of asylum seekers from eastern Europe, violence against foreigners, and the whole question of German nationality and identity.

He is in no doubt that something has changed since unification. He is also adamant that it should not be exaggerated. "I stayed in Germany after the war (he was the only member of his immediate family to survive the concentration camps) because I had confidence in Germany," he says. "I still have confidence in Germany."

"I do not believe there is a big new threat to Jews here. What there is, is a new nationalism in Germany. And this nationalism goes together with a certain anti-Semitism, and hostility to foreigners."

Most people are not hostile to foreigners, he maintains, but a significant number does think of "Germany for the Germans." They say: "We have been occupied for 50 years, divided for 50 years, and that is enough. Now we have our sovereignty back. We are a political power again, as well as an economic power. The point is, it is socially acceptable to talk like that today."

Living with a legacy

Minorities in Germany face renewed hostility, says Quentin Peel



Bubis: 'The new nationalism goes with a certain hostility to foreigners.' Three people died in this week's firebomb attack

Mr Daniel Cohn-Bendit occupies the opposite end of the political spectrum to Mr Bubis. The former student leader from the Paris uprising of May 1968, he is today a member of the Greens, and special councillor to the mayor of Frankfurt on race relations. Frankfurt has by far the largest immigrant population in Germany — at some 26 per cent. The proportion of immigrant children in its primary schools is 40 per cent, rising to 60 or 70 per cent in some areas.

Mr Cohn-Bendit sees the racial problem far more as a social problem than a nationalist one. "German society is not nationalistic. There is a certain national pride. I don't think

anti-Semitism is any stronger in Germany than it is in France or Britain — or Italy. "This problem of racial violence is a result of the ramp of society responding to a certain situation."

He sees it as simultaneously a problem of youth in revolt, and a problem of social deprivation in an ever more affluent society. It was already happening before unification.

the greatest provocation of all is to say 'I am a Nazi'."

At the same time, he sees in the attacks against foreigners as a revolt of the least privileged levels of German society. "There is a German sub-proletariat competing directly with the immigrants," he says. "They see themselves doubly discriminated against: they are already the poorest, and then their schools have the highest numbers of immigrants."

He blames the politicians for their failure to face up to the problem of immigration and to find programmes to relieve the resulting social tension. The dilemma at the heart of Germany's current race problem is that there is no official immigration policy, but there is a liberal asylum law which is freely used by all would-be immigrants to enter the country. He believes that Frankfurt has had far fewer bad racial incidents precisely because it has an integration policy.

Mr Bubis blames the politicians too, for their failure to see the racial violence as a threat to civil society as a whole. "Perhaps most important is that they failed to see the problem as an attack on democracy," he says. "This week's murders in Mölln have finally forced the authorities in the shape of Mr Alexander von Stahl, the chief federal prosecutor — to recognise that such a presumed neo-Nazi attack was indeed a threat to national security."

Mr Bubis also accuses the judiciary of failing to impose

harsher sentences. Until now, most skinheads have been accused of little more than trespass, instead of attempted murder and arson. The sentences have been token.

"They have sought to minimise the problem. They have been too liberal. They did not want to dramatise it. But I believe it must be dramatised."

Bubis and Cohn-Bendit identify the problem differently, and would have different priorities in their solutions. Yet neither blames the easterners, as many west Germans do; and both agree the problem can be solved.

Mr Bubis says that firm action by both government and judiciary would bring the violence under control rapidly. "If they act now, I think it will be over quickly," he says.

Mr Cohn-Bendit believes that the murders in Mölln could mark "the end of the rise of the extreme right." But it does require a big rethink of policy towards foreigners.

"We will normalise immigration. We will have quotas. We will regulate it. We will regulate asylum without dramatising it, and without denouncing the asylum seekers."

"We have to de-dramatise the situation, without seeking to minimise it. Chancellor Kohl must say: 'We have made a mistake. We have failed to integrate these people into our civil society.' Then he must summon all the specialists dealing with foreigners, and draw up a policy to do just that."

John Birt, the man who will lead the BBC towards the millennium, is talking again. For more than 18 months his smile and his politeness have been seen in public but little has been heard.

The uncharacteristic silence was partly a result of Birt's involvement in two enormous pieces of strategic planning: the first, to introduce a modified form of the market into a corporation once likened to the Indian Civil Service; the second, to work out the future role of the BBC in an age of growing commercial competition.

But the real reason for his silence was to avoid undermining Sir Michael Checkland, the outgoing director-general, in the difficult 18-month hand-over period.

That period came to an end on Thursday in Studio 1 at the BBC Television Centre. There was a symbolic handing over of the baton. Sir Michael, who retires as director-general at Christmas, was there to endorse the BBC view of its hoped-for future. But it was Birt who enunciated the BBC's wish to

remain a single, integrated broadcaster funded by a licence fee, but less bureaucratic, more responsive, and searching for distinctive and innovative programmes. The presentation came two days after the government published its green paper of options — not recommendations — for a new BBC Royal Charter.

Yesterday, John Birt was still in his rather spartan deputy director-general's office on the third floor of Broadcasting House, although he is in the final straight of the journey to the big office along the corridor. Above all, he is talking publicly again.

From 9am, media correspondents from the national broadcast newspapers were gathered in for a 45-minute audience — a treatable that was enforced. By 1.15pm and the last of the bunch, glasses of fizzy water already poured, Birt was still answering, or not answering, questions.

The green paper? "Plainly a lucid, comprehensive delineation of all the questions that could be raised about the BBC," he said,

The BBC's next leader talks to Raymond Snoddy

Birt plans the endgame

adding that he was completely unwilling to make any guesses about the outcome. It was reasonable and open-minded, he said. And the green paper had also been right to include radical options such as a Public Service Broadcasting Council which could give licence money to other broadcasting groups as well as to the BBC.

However, if such a council had control of the money it would mean that a body other than the BBC would determine its strategy and the corporation's coherence and accountability would be threatened.

"It would be a leap in the dark. Is it worth the risk? Is it plainly and manifestly a better way? I very much doubt it," said Birt, who came to the BBC from London Weekend Television in 1987 because he saw an important insti-

tution in need of modernisation. Birt correctly anticipated that the government, any government, would be interested in greater BBC efficiency. But he is winning the internal argument for producer choice, the main mechanism that is supposed to deliver it? Under the concept of producer choice, producers will be able to buy services from outside the corporation, a change Birt believes is the most fundamental the BBC has faced.

"In the last couple of months opinion is starting to turn," he said. First, the resource departments providing film crews or editing facilities are finding out how enjoyable it is to control their areas. Programme departments, initially resistant, have been discovering how much things cost. "They are very surprised at it," Birt said. Programme budgets must

now include everything from the cost of accommodation to the cost of secretaries. "The BBC is aiming to be distinctive as well as efficient. But it's not there a danger to too much distinctiveness and the move away from programmes that are derivative, formulaic or imported cheaply? Don't licence fee-payers watch such programmes in their millions, and appear to like them, at least sometimes? "We're not talking about phasing things out," Birt said. "We're talking about steering a new direction and steering it over 10 years."

"We are not going to take away things that are manifestly loved and enjoyed by the audience. We are looking to the endgame." That means making sure at the end of the decade that people are not paying a licence fee for programmes

that can be found elsewhere. The director-general-in-waiting said yesterday he "guaranteed" that the BBC would remain a pioneer in entertainment, producing hits out of unexpected material, such as *Antiques Roadshow* or *Dad's Army*, as it had in the past.



Birt: talking publicly again

As a result, the BBC would retain its large audiences despite its viewers declining to a third of the total audience by the end of the decade. The refocusing implies managerial change when Birt takes over? "I am absolutely not going to be drawn on that today," he replied.

However, now that he has started talking again, he has no intention of stopping. He said he accepted the challenge that, as director-general, he would have to carry the arguments for the new BBC strategies of efficiency, responsiveness and distinctiveness throughout the organisation — strategies that entail swinging job cuts — and systematically to the country as a whole.

What would be like the shape of the BBC to be in 1997, the first year of the new charter?

"I would aspire within Britain to be seen as the best-managed institution in the public sector," he said. Then it was time for some more talking, this time to a team from *Panorama*, which is taking a searching look at... the future of the BBC, a programme Birt said he had encouraged.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Nothing to celebrate on ozone layer

From Mr Corin Mills.

Sir, Your editorial, "Saving the ozone layer" (November 26), casts undue optimism on the outcome of the Montreal Protocol. It is progress that CFCs are now to be phased out in 1996 rather than 2000. However, the failure of the meeting to introduce real controls on both HCFCs and methyl bromide throw away much of this progress. Governments have put back original UNEP proposals for HCFCs ban by 25 years, and back-tracked on any reductions at all on methyl bromide. The lack of action has stemmed from industrial interest of the French in particular, coupled with the absence of European Community leadership by the British government.

The director of UNEP stated that the outcome was "not enough" and fears for the future. You are correct to state that ozone depletion cannot be predicted; the only judge is that scientists have consistently underestimated the scale of the damage. The agreement is a green light for a further assault on the ozone layer, and the next two decades will see untold damage.

With all the serious consequences this brings, there is hardly a cause for celebration. Corin Mills, Greenpeace UK, Canonbury Villas, London N1 2PN

Pension fund trustees have no business changing benefits

From Mr T S Shucksmith.

Sir, Mr Pritchard (Letters, November 26) is to be congratulated for his appreciation that it is a duty of pension scheme trustees "to ensure that the fund can meet its liabilities in the long term and on an unexpected near-term winding-up." This important duty to ensure proper funding of defined benefits seems to have evaded both the Occupational Pensions Board in its booklet "Pension Trust Principles" and the Goodwill Committee in its consultative document.

However, it is no business of pension scheme trustees "to

elect to move away from defined benefit schemes and to adopt defined contribution plans". The trustees may have a duty to wind up a final salary scheme if they consider the employer is not able or willing to fund it to the standard the trustees consider necessary, but it is not their job to change the benefits. They are trustees of the trust deed, not arbiters of any aspect of the employer/employee relationship. If the trustees consider they must wind up a scheme, it is for the employer to decide what to put in its place.

It would be sensible to find an intermediate solution between fully defined final salary schemes and defined contribution money purchase schemes. This would spread the uncertainties and associated risks more realistically and fairly between employers and employees.

The government should facilitate such a development, whereas present policies will polarise schemes. T S Shucksmith, Shucksmith & Co, Lincoln House, Nutsley Lane, Reigate, Surrey RH2 9HP

Both of these experiences enrich the individual child, and play a great part in their development. Alan Holme, 16 Hunger Hills Avenue, Horsforth, Leeds LS18 5JT

Social side of school

From Mr Alan Holme.

Sir, Your article, "Why schools may become obsolete" (November 26) ignores the vital part played by social education in our school system. First, children interact with their teachers, who may have experiences and opinions which differ from those of their parents. Second, they interact with other children.

Right reward?

From Mr A G Bigger.

Sir, Re Carol Arrowsmith's letter (November 21) on regulation of share options, no doubt institutional shareholders guidelines are having their effect in regulating senior executives' share options schemes. What the guidelines have not done is to lead to the elimination of the "each-way rewards bet" when if a high-risk strategy to achieve the share options reward fails (often associated with acquisition) then the outgoing directors are rewarded for failure through three years plus service contracts. A G Bigger, The Admirals, St Bravel, Lydney, Glos GL15 6RH

Total design

From Mr Paul Ruskin.

Sir, Hugh Aldersey-Williams ("Identifying the shape of blue to come", November 26), treats "design" as being a process by which a pleasing appearance is added on to a product. To suggest that the Lotus Elan failed because it was too expensive to build, yet design was not to blame, is contradictory. The challenge for any company involved with new products is to combine aesthetic design into the overall development process. This includes being competitive on cost and meeting safety standards. Paul Ruskin, Cambridge Consultants, Science Park, Milton Road, Cambridge CB4

Health and safety regulations go no further than sensible

From Sir John Cullen.

Sir, Bryan Cassidy (Letters, November 24) asserts that recent health and safety regulations have gone beyond EC directives. On November 25 you reported the GMB general union as taking HSE to task ("Safety body undermined EC health directive") for watering down the requirements of the same directives. Neither has got it right.

The Health and Safety Commission's strategy includes proposing to ministers UK regulations to meet directives, but not to go beyond them without good cause. It is that approach already on the public record, and the internal discussions leading to it, which now stand

"revealed" by the GMB. The facts are important, because many have signed recently no fewer than six EC-inspired sets of regulations which will certainly, in the interests of safety and health, need to be implemented by employers who have many other worries at present. The European Framework Directive, which underlies all these new regulations was negotiated in a hurry and parts, frankly, were poorly drafted and needed interpretation.

Contrary to what Mr Cassidy says, the directive specifically requires that employers be "in possession of" a risk assessment. That requirement has been restricted in the regula-

tions to a record of the significant risks, to be made by employers of more than five employees (all must assess the risks). The commonsense aim is to ensure that employers focus on the essentials. All employers of course are still subject to the existing UK laws about maintaining a safe workplace.

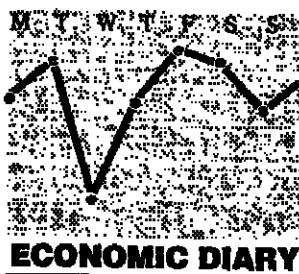
Mr Cassidy is, however, right in saying that the UK regulations go beyond the directive in protecting the self-employed. They obviously must, because UK law under the Health and Safety at Work Act has always covered this category, which accounts for half more of those at work in some of the more dangerous industries; and

self-employed contractors can pose risks not only to themselves but to other workers. Nor would it have made sense in terms of the Framework Directive itself to have omitted them, since the directive requires co-operation between all employers sharing a workplace.

Our legal advice is that the UK regulations implement the directives. They go no further than is sensible and necessary, and will represent a real and important addition to safety and health provision.

John Cullen, chairman, Health & Safety Commission, 1 Chapin Place, Westbourne Grove, London W2

ADVERTISEMENT									
BUILDING SOCIETY INVESTMENT TERMS									
	Product	Gross CAR	Net ^a CAR	Interest	Minimum	Access and other details			
Alliance & Leicester	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
	Home 75	7.75	N/A	Yearly	£10	Threat	28 days notice/term inc. acc.		
	Home 60	6.10	6.57	Yearly	£10,000	£10	28 days notice/term inc. acc.		
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Barclays (0203 733999)	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
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Birmingham Midland	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
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Bradford & Bingley (0274 561495)	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
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British and West (0222 924271)	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
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Crestal (011 222 6756/7)	Home 90	8.45	6.34	Yearly	£10	Threat	8.25/7.85/7.54/7.10/6.256		
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ECONOMIC DIARY

TODAY: Presidents of Venezuela, Colombia and Mexico meet in Caracas. Economic cooperation organisation foreign ministers from Iran, Pakistan and Turkey meet in Islamabad.

MONDAY: Monetary statistics (including bank and building society balance sheets (October). Bill turnover statistics (October). Sterling commercial paper (October). Money market statistics (October). London sterling certificates of deposit (October). US merchandise trade, BOP (third quarter). European Community energy council meets in Brussels. Western European Union parliamentary assembly in Paris.

TUESDAY: US leading indicators, October. NAPM (November). Construction spending (October). Congress of People's Deputies, Russia's supreme legislature, meets in Moscow (until December 9). Rio Group of 14 annual meeting in Buenos Aires. Islamic foreign ministers meet over Bosnia in Jeddah. Mr John Major, prime minister, meets in Anibal Cavaco Silva, prime minister of Portugal, to discuss Edinburgh EC summit. Town halls publish council tax banding details. Mr Kevin and Ian Maxwell appear at City of London magistrates court accused of conspiracy to defraud and theft. Start of two-day Financial Times conference on "World Telecommunications" in London.

WEDNESDAY: Overseas travel and tourism (September). UK official reserves (November). Advance energy statistics (October). **THURSDAY:** Details of employment, unemployment, earnings prices and other indicators. New earnings survey 1992 Part 5: Distribution of hours; Analysis of earnings and hours for part-time women employees. Franco-German summit in Bonn.

FRIDAY: Cyclical indicators for the UK economy (October-second estimate). Housing starts and completions (October).

FT-SE Actuaries Share Indices

FT-Actuaries All-Share

EQUITY GROUPS

Friday November 27 1992

Figures in parentheses show number of stocks per section

Index No.	Day's Change	Est. Yield %	Green Yield %	Est. P/E	Est. Div. Yield %	Index No.	Day's Change	Est. Yield %	Green Yield %	Est. P/E	Est. Div. Yield %
1 CAPITAL GOODS (74)	+0.7	7.23	5.48	18.03	29.69	776.35	772.97	774.06	745.80	929.04	20.5
2 BUILDING MATERIALS (23)	+0.3	6.83	7.15	20.84	35.83	735.61	749.11	762.70	887.81	121.92	11.5
3 CONSUMER GOODS (26)	+0.4	4.30	7.70	32.56	37.30	645.85	648.56	654.41	654.41	273.24	21.1
4 ELECTRICALS (9)	+0.4	7.74	6.93	16.90	108.10	2143.35	2180.20	2340.03	2758.50	225	22.5
5 ELECTRONICS (27)	+0.6	6.92	3.88	18.36	50.14	2206.81	2219.04	2174.25	2030.81	2206.81	24.1
6 ENGINEERING-AEROSPACE (6)	+0.7	14.04	9.31	9.06	15.92	247.80	243.47	344.25	406.10	20.5	20.5
7 ENGINEERING-GENERAL (43)	+0.2	8.70	5.17	14.54	16.38	454.46	452.34	451.07	367.62	20.5	20.5
8 METALS AND MINING (7)	+0.2	5.94	4.39	24.94	8.52	285.88	274.88	274.25	373.31	10.5	10.5
9 MOTORS (15)	+0.3	6.24	7.22	23.36	17.59	321.44	323.41	320.67	403.06	21.5	21.5
10 OTHER INDUSTRIALS (18)	+0.3	6.88	4.62	17.57	61.23	1794.31	1771.21	1771.86	1510.34	1966.65	11.5
11 OTHERS (18)	+0.3	6.88	4.62	17.57	61.23	1794.31	1771.21	1771.86	1510.34	1966.65	11.5
12 CONSUMER GROUP (192)	+0.8	8.22	3.42	18.20	40.00	1696.80	1671.29	1688.04	1761.38	11.5	11.5
13 BREWERS AND DISTILLERS (25)	+0.5	8.17	5.64	14.77	41.53	2001.52	2007.47	2014.36	1864.56	11.5	11.5
14 FOOD MANUFACTURING (19)	+0.9	8.29	4.21	15.18	36.25	1238.85	1246.02	1244.39	1188.51	1307.80	11.5
15 FOOD RETAILING (18)	+0.8	8.34	3.04	15.59	62.29	3041.46	2964.57	2961.15	2400.89	3088.00	27.1
16 HEALTH AND HOUSEHOLD (26)	+0.5	5.09	2.58	22.86	87.51	1348.55	1328.74	1333.71	1374.35	1309.94	11.5
17 HOTELS AND LEISURE (18)	+0.6	6.62	5.72	19.93	46.09	1178.08	1147.92	1157.50	1252.61	1404.36	11.5
18 MEDIA (27)	+0.8	5.91	3.12	21.12	38.19	1645.43	1648.00	1644.06	1435.11	1722.09	11.5
19 PACKAGING, PAPER & PRINTING (17)	+0.3	7.10	4.43	17.46	40.1	732.82	729.81	732.80	739.51	1375.15	13.5
20 STORES (9)	+0.8	6.60	3.28	20.05	26.40	1095.72	1084.10	1086.74	962.31	1135.66	27.4
21 TEXTILES (19)	+0.2	6.85	4.44	18.40	21.09	689.60	689.91	689.21	601.25	736.70	8.5
22 OTHERS (18)	+0.5	6.78	4.90	14.23	41.46	1394.69	1380.37	1387.24	1191.92	1271.71	21.1
23 BUSINESS SERVICES (18)	+0.1	6.22	3.57	19.71	30.78	1409.77	1397.49	1400.51	1354.77	1511.16	11.5
24 CHEMICALS (22)	+0.1	6.83	5.47	18.53	47.31	1338.52	1331.99	1342.39	1386.06	1429.99	11.5
25 CONGLOMERATES (10)	+0.7	8.31	7.95	15.41	40.93	1345.58	1328.74	1333.71	1374.35	1309.94	11.5
26 TRANSPORT (16)	+0.4	6.64	6.25	13.67	38.24	285.88	282.84	287.01	271.79	26	26
27 ELECTRICITY (16)	+0.2	13.84	4.89	9.30	55.01	1509.29	1516.63	1548.93	1152.41	1569.04	19.1
28 TELEPHONE NETWORKS (4)	+0.4	7.88	4.08	16.49	46.15	1678.99	1639.59	1640.01	1433.42	1676.26	27.1
29 WATER (11)	+0.2	14.17	5.49	7.81	94.82	325.29	322.76	327.77	322.88	337.97	11.1
30 OTHERS (16)	+0.4	6.64	6.25	13.67	38.24	285.88	282.84	287.01	271.79	26	26
31 INDUSTRIAL GROUP (142)	+0.7	7.53	4.25	16.63	38.41	1364.21	1353.15	1359.28	1223.46	1427.97	11.5
32 OIL & GAS (18)	+0.1	6.18	6.00	21.28	102.73	2158.79	2141.81	2149.33	2224.23	2226.64	2.1
33 FT-SE 100 (30)	+0.6	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
34 FT-SE 250 (60)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
35 FT-SE 350 (120)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
36 FT-SE 500 (250)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
37 FT-SE 750 (500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
38 FT-SE 1000 (1000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
39 FT-SE 1500 (1500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
40 FT-SE 2000 (2000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
41 FT-SE 2500 (2500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
42 FT-SE 3000 (3000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
43 FT-SE 3500 (3500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
44 FT-SE 4000 (4000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
45 FT-SE 4500 (4500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
46 FT-SE 5000 (5000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
47 FT-SE 5500 (5500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
48 FT-SE 6000 (6000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
49 FT-SE 6500 (6500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
50 FT-SE 7000 (7000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
51 FT-SE 7500 (7500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
52 FT-SE 8000 (8000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
53 FT-SE 8500 (8500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
54 FT-SE 9000 (9000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
55 FT-SE 9500 (9500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
56 FT-SE 10000 (10000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
57 FT-SE 10500 (10500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
58 FT-SE 11000 (11000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
59 FT-SE 11500 (11500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
60 FT-SE 12000 (12000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
61 FT-SE 12500 (12500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
62 FT-SE 13000 (13000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
63 FT-SE 13500 (13500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
64 FT-SE 14000 (14000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
65 FT-SE 14500 (14500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
66 FT-SE 15000 (15000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
67 FT-SE 15500 (15500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
68 FT-SE 16000 (16000)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
69 FT-SE 16500 (16500)	+0.8	7.39	4.43	17.01	43.43	1440.33	1426.83	1433.63	1310.63	1493.99	11.5
70 OTHER FINANCIAL (14)	+0.7	7.53	4.25	16.63	38.41	1364.21	1353.15	1359.28	1223.46	1427.97	11.5
71 Investment Trusts (69)	+0.4	6.24	3.57	19.71	30.78	1409.77	1397.49	1400.51	1354.77	1511.16	11.5
72 ALL-SHARE INDEX (451)	+0.35	7.00	4.00	18.00	35.00	1500.00	1485.00	1495.00	1400.00	1550.00	11.5

INTERNATIONAL COMPANIES AND FINANCE

Japan's long-term credit banks hit by securities losses

By Robert Thomson in Tokyo

JAPAN'S three long-term credit banks yesterday reported a halving of their pre-tax profits for the first half, but relatively modest provisions for loan losses in spite of heavy exposure to collapsed developers and speculators.

Industrial Bank of Japan (IBJ) reported a 48.8 per cent fall in pre-tax profits to ¥35.5bn (\$286m) while Long-Term Credit Bank of Japan (LTCB) was 57.8 per cent lower at ¥23bn, and Nippon Credit Bank (NCB) was down 48.3 per cent to ¥22.5bn.

Like the country's leading commercial banks, the long-term credit banks reported sharply higher profits in their core banking businesses, due to a drop in interest rates, but were forced to book large appraisal losses on securities holdings.

Core profits rose 29.4 per cent at IBJ, 101.5 per cent at LTCB and 109.1 per cent at NCB. Securities valuation losses, a result of the troubles on the Tokyo stock market, totalled ¥53.9bn at IBJ, ¥41.1bn at LTCB, and ¥23.8bn at NCB.

The non-performing loan

problem is most serious at NCB, which has been forced to seek assistance from other banks for the restructuring of three non-bank affiliates. These leasing and finance companies were large lenders to the property market and have been left with non-performing loans equivalent to about 30 per cent of outstanding loans.

NCB increased its loan-loss reserve by ¥13.6bn to ¥48.6bn - equivalent to about 0.9 per cent of total loans or a write-off of 1.3 per cent on an after-tax basis.

One problem for the banks is that Japanese tax laws require them to have clear proof of non-payment before a write-off is accepted. This makes it difficult to write off loans from companies which have stopped repayments but are not technically bankrupt.

However, the three banks reported capital adequacy ratios well above the target of 8 per cent, as defined by the Bank for International Settlements. The strongest of the banks, IBJ, had the lowest ratio, 8.71 per cent at end-September - while LTCB was at 9.07 per cent and NCB at 9.06 per cent.

Nomura will repay Y23bn to investors

By Emilio Terazono in Tokyo

NOMURA Securities, Japan's largest stockbroker, is to reimburse investors who lost money on step-up coupon property-backed securities and will halve commissions on investment trusts to stimulate demand.

Nomura said it will repay ¥23bn (\$185.5m) to clients, who have lost more than 40 per cent of their investments on the bonds.

The move follows an admission that Nomura failed to warn investors of potential risks of its foreign property-backed securities.

Mr Yasuhiro Mizuuchi, Nomura's vice-president, admitted breaching industry regulations, which require brokers to warn investors of risks involved in investment products, due to a "sales accident". Investor confidence was shattered by revelations of brokers' loss compensation on stock losses for favoured clients.

Nomura said it would compensate 14,300 investors the face value of the property

backed securities, and pay 6 per cent interest.

The broker sold \$336m worth of bonds in 1989 and 1990, marketing the products as high-return investments.

The announcement could encourage other retail investors who feel they were misled by brokers in making securities investments to seek compensation from other Japanese brokers.

Nomura claims the losses due to the reimbursement will not affect annual profits, as it will try to sell real estate assets to raise the funds.

But the Japanese real estate market remains stagnant, and Nomura may face difficulties in liquidating its land holdings.

In a further attempt to appease retail investors, Nomura will also halve the commission on its new 10-year securities investment trust funds starting next week.

The move comes as the ministry of finance is liberalising commissions for investment trust funds, in an attempt to encourage investors back into the market.

NEC says charges will push it to Y9bn loss

By Steven Butler in Tokyo

NEC, the Japanese electronics company that dominates the domestic personal computer market, yesterday said it would post a consolidated net loss of ¥9bn (\$72.58m) in the 12 months to the end of March next year.

The company earned ¥15.28bn last year. NEC has been hit hard by the decline in domestic capital spending and the sluggishness of personal consumption, which have eaten deeply into sales in its main lines of business.

In the half-year to September, net profits declined by 77.3 per cent to ¥4.25bn. Sales fell by 7.1 per cent to ¥1,685.2bn.

However, the company expects second-half results to be much worse because of two factors: rising depreciation charges stemming from the completion of semiconductor manufacturing facilities in North America and Japan, and charges resulting from a restructuring of NEC's home electronics business in North America.

On a pre-tax level, profits in the first half of the year plunged by 83.9 per cent to ¥3.26bn. For the full year, the company expected ¥10bn in pre-tax profits.

For the interim period, sales of communication systems and equipment were down 9 per cent to ¥424.98bn. Computers and industrial electronics systems were down 6.3 per cent to ¥388.7bn, while electronic devices, including semiconductors, fell 6.9 per cent to ¥299.3bn.

US group buys Greek shipyard

THE HELLINIC Industrial Development Bank (HIDB) has agreed to sell Neorion Shipyards, a state-owned yard on the Aegean island of Syros, to a US shipping company for \$1.3bn (\$1.5m), writes Karin Hope in Athens.

Neorion Shipyards, owned by Mr Spyros Mylonas, made the highest of three bids for the yard, offering \$1.3bn in cash with the remainder to be paid in seven annual instalments.

The break-off in negotiations is highly sensitive given that UAP is a significant minority shareholder in Suez, with 6.5 per cent of the equity and 10.5 per cent of the voting shares. It also highlights the tension between Mr Jean Peyrelevade, UAP's chairman, and his successor as chairman of Suez, Mr Gerard Worms.

UAP was anxious to use the yard as a base from which to expand into Germany, the biggest single European insurance market. Assurances Générales de France (AGF), one of its closest competitors, recently sealed its investment in AMB, another German insurer. Mr Peyrelevade, who has played an active role in the takeover, hoped to take a 50 per cent share in Colonia in return for all or part of UAP's Vitore shares.

But UAP was in a relatively weak negotiating position

given that its only bargaining play was a minority stake and Suez already had clear control of Vitore.

As a result, the two companies argued over price. Mr Peyrelevade was reluctant to compromise after his involvement with Suez. Meanwhile, as Mr Worms is well aware, the French financial community has seen the Colonia affair as an important test of his influence over Suez and of his independence from his old boss.

The Suez board decided at last week's meeting that the gap between the two sides was "too wide" for them to reach agreement.

The board was unanimous in its decision to suspend discussions with UAP, which did not send its representative to the meeting.

Packer's Westpac purchase keeps the markets guessing

A SINGLE question was reverberating around Australia's business community yesterday: what is Kerry Packer up to? It is a question which has been asked many times before. As usual, it prompted plenty of speculation, but few answers.

There was little surprise when Mr Packer, the entrepreneurial owner of the Consolidated Press Holdings (ConsPress) publishing group, emerged on Thursday as the buyer of an 8.27 per cent stake in Westpac Banking Corporation, the troubled Australian bank.

Market gossip had linked Mr Packer with Westpac since October, when the bank's AS3-a-share, AS1.2bn (US\$825m) rights issue had closed 72 per cent under-subscribed, leaving dozens of sub-underwriters holding some 290m shares.

The shares, representing about 19 per cent of Westpac's expanded share capital, were worth significantly less than AS3 in the stock market, and were ripe for acquisition by a buyer with plenty of cash.

But why was Mr Packer willing to bail out the underwriters when so many other shareholders want to run Westpac?

One theory is that Mr Packer, who is believed to be playing polo in Argentina; Mr Al Dunlap, the irascible American chief execu-

tive of ConsPress; and Mr Packer's son Jamie, who is being groomed to inherit the company.

None are likely to explain the strategy unless forced to do so. As Mr Packer told a parliamentary committee last year, the affairs of ConsPress are no business of anyone but the sole shareholder - himself.

The Australian bank was an obvious target, but what is Kerry Packer's strategy? Kevin Brown reports

However, Mr Packer has clearly been poised to make a major investment since March, when he completed a reconstruction of ConsPress which left the group debt-free with assets of about AS3bn, including AS1bn in cash.

He split out his long-term strategy in broad terms in a rare interview in April with Australian Business Monthly, of his own magazines.

"I believe that over the next two or three years there are going to be terrific opportunities, and that anyone in a position such as ours will be able to take advantage of anything that comes up," he said.

Westpac's problems made it an obvious target. Shortly after the rights issue debacle, five directors resigned, including the then chairman, and the bank subsequently reported a net loss of AS1.5bn for the year

ended September, after writing off more than AS2.6bn against bad and doubtful loans.

The bank's problems were reflected in its share price, which fell from AS4.52 in January to a low of AS2.39 earlier this month, presenting a rare opportunity to acquire a significant stake cheaply. Westpac shares closed at AS2.99 yesterday, suggesting that Mr Packer has already made a small profit on his holding, which was acquired at prices of between AS2.52 and AS2.93.

Mr Packer may expect the shares to continue to rise as the bank returns to profitability over the coming year. He may also be positioning himself for the possibility of a victory by the opposition conservative coalition in next year's federal election. That would probably lead to an easing of restrictions on bank takeovers and open the way for a bid for Westpac from one of Australia's stronger banks.

However, Mr Packer is rarely a passive investor. His strategy is to buy undervalued companies, and add value to his holding by restoring profitability as quickly as possible. To do that, he needs control, and the key question is what level of control he thinks he will be able to exercise over Westpac.

By Friday evening, ConsPress is believed to have expanded its shareholding to the 10 per cent ceiling on individual limit on shareholdings imposed by Westpac's deed of settlement and the Federal Bank Shareholdings Act.

The act allows a maximum individual shareholding of 15 per cent, with the approval of Mr John Dawkins, the federal

Packer: has probably already made a profit on his 8.27% stake

treasurer (finance minister), who would have to rule that the increased stake was not against the national interest.

Mr Dawkins' office said yesterday that Mr Packer had not requested permission to exceed 10 per cent. However, a 1988 precedent involving Mr John Spalvin's Ardmore group suggests he will be allowed to increase his stake if he wishes.

A 15 per cent holding would not give Mr Packer control. But it would probably give him two board seats, and a level of influence comparable with that wielded by the AMP Society, Australia's biggest financial institution, which also owns 15 per cent of Westpac.

Given his record, Mr Packer's goal would probably be to speed the bank's return to profitability by accelerating the recovery programme announced recently by Mr

Frank Conroy, Westpac managing director.

Analysts say it is not clear how that might be done. But Mr Packer's views appear remarkably similar to those of the AMP, which recently gave Westpac a six-month deadline to deliver a significant improvement in performance.

Mr Ian Salmon, AMP managing director, was enthusiastic about Mr Packer's investment yesterday, suggesting that there may be a degree of common ground. If that were so, Mr Packer's influence could be much greater than his limited shareholding would suggest.

For the time being, however, there are still no real answers to what Australia's most enigmatic businessman is up to. But, barring an unexpected collapse in the share price, he seems likely to make a healthy profit whatever happens.

Suez breaks off talks with UAP

By Alice Rawsthorn in Paris

SUEZ, one of France's most prominent holding companies, has broken off its long-running negotiations with Union des Assurances de Paris (UAP), the largest state-controlled French insurer, over the latter's plan to invest in Suez's German insurance interests.

The Suez board decided at a meeting last week to suspend negotiations. It has for more than two years been locked in intricate discussions with UAP, which hoped to swap its minority holding in Vitore, a French insurer controlled by Suez, for part of Vitore's stake in Colonia, a large German insurance company.

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shareholder in Suez, with 6.5 per cent of the equity and 10.5 per cent of the voting shares. It also highlights the tension between Mr Jean Peyrelevade, UAP's chairman, and his successor as chairman of Suez, Mr Gerard Worms.

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Rhône-Poulenc chief sees possible bar to sell-off

By Alice Rawsthorn

THE FRENCH government's plans to sell a substantial minority stake in Rhône-Poulenc, France's flagship chemicals group, could be scuppered by a legal hitch, according to the company.

Rhône-Poulenc, yesterday confirmed a warning by Mr Jean-René Fourout, its chairman, that under French privatisation law the state may not be allowed to sell as many shares as it had intended.

Mr Fourout, a staunch supporter of privatisation for Rhône-Poulenc, warned that this plan could fail because it might involve the government selling below the level permitted by France's privatisation

commission. He did not specify the level, but warned there was a "one in two chance" of the state having to scale down the proposed sale.

Mr Michel Sapin, finance minister, this week announced plans to sell at least 6m shares in Rhône-Poulenc (10.6 per cent of its equity) before February.

This sale, combined with an accompanying change in the status of Rhône-Poulenc's shares to enfranchise non-voting shareholders, will reduce the government's share of voting stock from 77.5 per cent to 48 per cent.

It would still hold an effective majority of the voting shares thanks to the 19 per cent stake held by other state-controlled institutions.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	High 1992	Low 1992
Gold per troy oz.	\$344.05	-2.3	\$366.35	\$334.05
Silver per troy oz.	\$249.50	-1.5	\$260.50	\$238.50
Aluminium 99.7% (cash)	\$1197.50	+44.50	\$1106.00	\$1106.50
Copper Grade A (cash)	\$1450.00	+48	\$1312.50	\$1450.00
Lead (cash)	\$230	+20	\$220	\$220
Nickel (cash)	\$60.00	+805	\$7130	\$6195.00
Zinc SHG (cash)	\$1128.50	+80	\$1208	\$1057.50
Tin (cash)	\$2715	-70	\$2565	\$2715.00
Cocoa Futures (Mar)	\$525	-12	\$519	\$519
Coffee Futures (Jan)	\$956	-1.90	\$956	\$956
Sugar (LDP Raw)	\$219.50	-1.30	\$222.50	\$219.50
Barley Futures (Jan)	\$118.10	+0.30	\$118.10	\$118.10
Wheat Futures (Jan)	\$136.80	+0.35	\$136.80	\$136.80
Crude Oil (Brent)	\$22.10	+0.35	\$22.10	\$22.10
Oil (Brent Blend)	\$18.975x	-0.4	\$20.25	\$21.30

For terms unless otherwise stated. Unquoted p-pence/kg, c-cents lb, x-xen.

London Markets

SPOT MARKETS	Latest prices	Change on week ago
Crude oil (per barrel FOB/Land)	+ or -	
Dubai	\$16.90-0.00	+ 0.25
Brent Blend (Landed)	\$19.00-0.05	+ 0.10
Brent Blend (Jan)	\$16.95-0.00	+ 0.20
WTI 11 Jan 05J	Una	
Oil products		
NHE prompt delivery per tonne CIF	+ or -	
Premium Gasoline	\$206-208	+ 0.5
Gas Oil	\$178-180	
Heavy Fuel Oil	\$87-88	
Naphtha	\$178-179	+ 1
Petroleum Argus Estimates		
Other		
Gold (per troy oz.)	\$344.05	-0.85
Silver (per troy oz.)	\$249.50	-1.5
Platinum (per troy oz.)	\$357.75	+ 1.5
Palladium (per troy oz.)	\$94.00	-0.15
Copper (US Producer)	100.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.15	+ 0.01
Tin (New York)	Una	
Zinc (US Prime Western)	62.0c	
Cattle live weight	117.74p	-1.86p
Sheep live weight	76.31p	+2.64p
Pigs live weight	87.07p	+ 0.79p
London daily sugar (raw)	\$219.48	+ 0.8
London daily sugar (white)	\$222.2w	+ 0.2
Tato and Lyto export price	\$254.5	+ 1.5
Barley (English)	\$141.0c	
Maize (US No 3 yellow)	\$155.0c	
Wheat (US Dark Northern)	Una	
Rubber (Jan)	63.50p	+ 0.30
Rubber (Feb)	63.75p	+ 0.50
Rubber (KL RSS No 1 Dec)	223.00m	
Cocoa (Philippine)	\$485.0y	-5
Palm Oil (Malaysian)	\$410.0	-2.5
Cocoa (Philippine)	\$320.0	
Soyabean (US)	\$173.0c	+ 2
Cotton "A" index	\$3.10c	+ 0.10
Wool (US Super)	47p	

For terms unless otherwise stated. Unquoted p-pence/kg, c-cents lb, x-xen.

Nearby supplies of cassia/cinnamon remain very tight, reports Man-production. Indonesian spot kaiva sticks \$2,400 a tonne, libbed \$1,600, Seychelles \$1,500; shipment kaiva \$2,000, libbed \$1,300 for Dec/Jan. Nutmegs - spot Rotterdam \$1,500, as \$1,500, bwp \$200, shipment \$1,450, as \$1,250, bwp \$225. Macao spot \$1,500, shipment \$1,475, Ginger/turmeric - no change. Cloves - spot Rotterdam \$1,050, shipment Dec-Jan \$950. Brazil nut crop in full swing, but medium harvest expected at 2,000 tonnes, price at around \$1,100. Pimento - both Jamaican and Mexico spot Europe very tight.

COGAS - London FOK

Close	Previous	High/Low
Dec 710	711	714 708
Jan 737	737	740 734
Mar 763	763	766 759
Jul 787	788	790
Sep 787	788	790 781
Dec 801	802	806 802
Mar 824	821	830 825

Turnover: 247 (248) lots of 10 tonnes

COGAS indicator prices (USD cents per pound) for Nov 27 - (758.81)

10 day average for Nov 27 - (777.88) 10 day average for Nov 27 - (778.81)

SPOT: 1.5115 3 months: 1.4997 6 months: 1.4905 9 months: 1.4834

COFFEE - London FOK

Close Previous High/Low

Nov 928 917 920 913

Jan 958 950 962 953

Mar 978 968 979 970

May 978 968 979 970

Jul 982 973 982 978

Sep 988 986 988

Turnover: 1368 (1015) lots of 5 tonnes

KCO indicator prices (USD cents per pound) for Nov 27 - (67.46)

15 day average - (67.46)

POTATOES - London FOK

Close Previous High/Low

Apr 60.9 60.7 61.0 60.5

Turnover: 31 (49) lots of 20 tonnes.

SOYABEANS - London FOK

Close Previous High/Low

Jan 144.50 140.80 144.50

Turnover: 25 (0) lots of 20 tonnes.

PREMIUM - London FOK

Close Previous High/Low

Dec 1290 1276 1290

Jan 1290 1255 1280 1261

Apr 1270 1260 1270

May 1318 1311 1318

Turnover: 112 (229)

GRAINS - London FOK

Close Previous High/Low

Dec 174.50 174.50 176.75 174.25

Jan 174.50 176.50 178.00 176.50

Feb 177.50 177.75 179.50 177.25

Mar 175.75 175.75 177.25 176.00

Apr 172.50 172.00 174.50 172.50

May 169.50 169.00 171.50 169.50

Jun 169.00 168.00 170.50 169.00

Turnover: 10721 (13871) lots of 100 tonnes

CRUDE OIL - IPE

Close Previous High/Low

Dec 174.50 174.50 176.75 174.25

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

A new bout of ERM tension

AFTER a two day lull, the European Exchange Rate Mechanism was the scene of new tensions yesterday, with the French franc falling towards FF340 to the D-Mark while the Irish punt remained at the bottom of its ERM band, writes James Blitz.

The speculation against the French franc and other European currencies remained weak compared to the tensions of the early autumn.

However, a comment from Mr Hans Tietmeyer, the Deputy President of the Bundesbank, that German interest rates "are not too high" confirmed the view that ERM pressures are unlikely to be eased soon by a fall in the Bundesbank's official rates.

A principal beneficiary of yesterday's tension was the dollar rather than the D-Mark. The US currency rose to a high of DM1.6069, helped by the impression of it as a safe haven currency. It later closed

slightly higher on the day at LS680.

Inside Europe, the focus of interest was the Irish punt. Some dealers think the currency may be devalued this weekend. The punt continued to hover a shade above its floors against the Belgian franc and the guilder, but there was no selling pressure with overnight interest rates at 100%.

Otherwise, the day was marked by another setback for the French franc. Mr Tietmeyer's comments and a rise in French unemployment to 2.83m combined to bring the franc down to a close of FF333.

The prospects of a devaluation of the French franc seem slim. The devaluation of the franc would be the end of the ERM, the Bonn-Paris axis, and the basis of the policy of Presidents Kohl and Mitterrand.

But there are gloomy views this weekend about the forth-

FINANCIAL FUTURES AND OPTIONS

LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
100	1.00	0.00	1.00
101	1.00	0.00	1.00
102	1.00	0.00	1.00
103	1.00	0.00	1.00
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Estimated volume total, Call 100 Puts 100
Previous day's open, Call 100 Puts 100

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Previous day's open, Call 100 Puts 100

C IN NEW YORK

Nov 28	Nov 27	Nov 26
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Forward premium and discount apply to the US dollar

STERLING INDEX

Nov 28	Nov 27	Nov 26
78.5	78.5	78.5
78.5	78.5	78.5
78.5	78.5	78.5
78.5	78.5	78.5

CURRENCY RATES

Nov 27	Nov 26	Nov 25
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Nov 27

Nov 27	Nov 26	Nov 25
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Nov 27

Nov 27	Nov 26	Nov 25
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Nov 27

Nov 27	Nov 26	Nov 25
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Nov 27

Nov 27	Nov 26	Nov 25
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Nov 27

Malaysia	49.90 - 50.00	33.00 - 33.10
Mexico	3.8240 - 3.8225	2.5315 - 2.4325
Zealand	46.95.95 - 46.99.00	3113.00 - 3115.00
India	2.9250 - 2.9290	1.9390 - 1.9415
AI (Fr)	5.6435 - 5.5755	3.7495 - 3.7505
AI (Dm)	2.4655 - 2.4725	1.6365 - 1.6375
AI (Fr)	4.5475 - 4.5595	3.0210 - 3.0230
AI (Fr)	7.2520 - 7.3200	4.8075 - 4.8525
AI (Fr)	38.25 - 38.40	25.35 - 25.45
AI (Fr)	5.5295 - 5.6390	3.6715 - 3.6735

LONDON STOCK EXCHANGE

New UK peak as Wall Street returns

By Terry Byland,
UK Stock Market Editor

THE FT-SE INDEX pushed ahead to new peaks yesterday after Wall Street returned from its Thanksgiving holiday in good spirits, apparently signalling satisfaction with the better news on the US economy released earlier this week. The London market turned ahead strongly when the Dow Industrial Average gained 28 points in early trading.

The final reading showed the FT-SE Index at a new closing peak of 2,760.1 for a net gain of 18.3 points. Trading volume increased sharply and the stock market was driven ahead by arbitraging pressure from the stock index market where the December contract came

Account Dealing Dates		
First Dealing	Nov 10	Dec 14
Options Expiry	Nov 26	Dec 30
Last Dealing	Nov 27	Dec 31

Account Day		
Nov 27	Dec 11	Jan 11
Nov 28	Dec 12	Jan 12
Nov 29	Dec 13	Jan 13

within seven points of 2,800 at one stage.

Some US buyers were seen in the futures sector but UK traders pointed out that yesterday was also the final session of the two week trading account in London, and that some of the buying pressure was speculative.

The market opened quietly, with London evidently waiting for Wall Street to return to business at mid-afternoon UK

time. Share prices edged higher but the stock market made little response to a cautious report from the Confederation of British Industry that manufacturing order books had rallied and that a slow recovery in the domestic economy next Spring seemed likely.

But early gains were lost as buyers stayed resolutely on the sidelines and the market was little changed when the first hints of Wall Street's mood reached London.

The rise in the Footsie was dramatic and at best the index showed a gain of more than 20 points at a new trading high of 2,761.9. Yesterday's rise enabled the Footsie to close with a gain of 27.7 points on the week and of around 2.3 per cent over the two week trading

account. Seaq volume jumped to 665.9m shares from the 601.7m of the previous session; Thursday's retail value of equity trading remained high at £1.28bn.

As expected, it was the US-oriented stocks which led the way forward, with Reuters, the global information group standing out strongly.

However, oil stocks were restrained by uncertainty over crude oil prices and demand for the pharmaceuticals was selective.

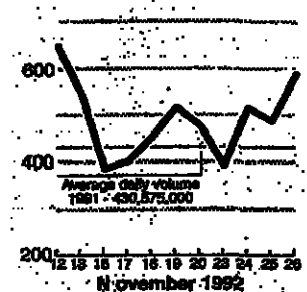
Optimism spread to the domestic consumer stocks, which would respond to a recovery in world economies.

But government bonds fell yesterday, reviving worries about the impact of impending government funding.

Although restrained by uncertainty in currency markets, equity retail business has remained above last year's average daily levels.

London SE volume

Turnover by volume (million)



Record high for Reuters

SHARES in Reuters Holdings hit an all-time high yesterday as enthusiasm for the company spread over the UK, partly on the prospect of a share split. The electronic trading and news agency group broke through its previous barrier to close 37 up at 1331p on this turnover.

The US has been buying the stock since an international conference at the end of October removed any lingering doubts. The stock is appealing when set against a Standard & Poors multiple but was beginning to look overvalued to UK fund managers. However, analyst Mr Brian Newman of Henderson Croxall and a long-time bull of the stock said he had been recommending the stock strongly yesterday and that investors were responding to the possibility that the company would announce a one-for-one share split with the figures in February. While a split would make no difference to the fundamental value of the group it would leave the equity more liquid. Mr Newman also argues that the new electronic dealing products - Dealing 2000, Globex and Isinet - were performing well and the group still had the benefit of a cash mountain. Nevertheless, agency broker James Capel, which has taken a bear view for more than a year, argues that the recent UK interest rate cuts will cost the company about £15m.

SmithKline busy

SmithKline Beecham was the most heavily traded stock in the London market yesterday after trustees of the company's Share Ownership Trust bought 14m A shares at 580p per share.

The stock was purchased in connection with the SmithKline Beecham share ownership plan. SmithKline shares closed 12 1/2 firmer in the A's on turnover of 22m. The Units, which tend to represent US interest, rose 9 to 438p.

Savoy strength

A second day's hefty rise in the share price of the Savoy hotel group again centred on the prospect of Forte renewing its interest in the luxury hotel

chain. Sources close to Forte said yesterday that, although the two companies may forge a deal, the share purchase moratorium agreed three years ago would be adhered to.

Speculation has followed the death on Wednesday of Sir Hugh Wontner, the Savoy president and chief adversary of Forte which fought an eight-year battle for control of Savoy. Forte ended the fight with a 42 per cent share of Savoy's voting rights and two seats on the board and, under a peace agreement in 1989, agreed not to buy any more Savoy shares until 1994. But now, with the recent retirement of Lord Forte, the two leading protagonists have left the scene and speculation has been renewed.

Savoy shares surged 108 to 583p, yesterday, although the volume was thought to be tiny. Forte was steady at 173p.

A well-received presentation at County NatWest lifted Thorn EMI, the shares jumping 17 to 833p. Thorn's shares suffered a pre-results savaging as worries over the state of the music market knocked them back. However, impressive results last Tuesday renewed investor interest and Thursday's presentation added to the positive sentiment. Fund managers have been particularly reassured over the potential contribution forecast by Thorn for the Virgin Records group, the subject of disparaging pre-results comment from some

quarters.

Tour package group Airtronic continued a steady run, adding 4 to 232p, ahead of interim early results. The group's share price ran up 15 to 540p, although turnover was poor.

The oil majors shrugged off volatility in the price of Brent crude which surrounded an OPEC agreement and reflected the strength in the market. Shell firming 2 to 549p and BP gained 1 1/2 to 231 1/2p.

Glaxo was held back following a meeting between the new finance director and analysts. The meeting was upbeat but there was some realism injected into the prospects for anti-migraine product Imigran. The shares eased 4 to 739p.

Pharmaceutical company Medeva lifted 6 to 224p as it announced that it expected the final quarter of the year to produce a good performance and result to be in line with directors' expectations. The company reported a sharp increase in profits to £26.1m for the nine months to September 30 against £7.8m a year ago.

EC approval of British Airways' purchase of a 49.9 per cent holding in TAT European Airlines last Tuesday helped BA shares rise 8 to 278p.

US demand boosted British Steel, the shares climbing 3 1/2 to 57p. Smith New Court was said to be recommending GKN, up 9 1/2 to 402p. Smiths Industries gained 9 to 324p on the news that new Boeing production schedules would safeguard

the 737 in which Smiths has a major interest.

A feeling that the recent good performance of Cable & Wireless had been overdone left the shares short of support and they closed 5 off at 670p.

Water and electricity stocks were mostly weak on the back of the move into recovery stocks. In waters, Anglian was one of the worst hit, tumbling 12 to 472p on additional worries over the costs of complying with this week's EC ruling on nitrates. Among other fallers, Yorkshire fell 14 to 518p, South West 10 to 488p and Severn Trent the same to 452p.

US buying on the back of a firm Wall Street helped Grand Metropolitan add 11 to 447p. County NatWest moved to a short-term sell on Bass, the shares ended steady at 588p.

Allied Lyons retained despite news that its joint-venture with Carlsberg had received approval from the UK authorities. Analysts are forecasting flat results in its interim next week. The shares ended a penny lighter at 642p.

Selected food retailers were still buoyant on Thursday's comment from Northern Foods on the potential for food price inflation. Sainsbury jumped 8 to 517p, while rival Tesco gained 9 to 267p. A switch was said to have been recommended into the two from Argill by UBS Phillips & Drew. Argill was off 2 to 371p, Northern lost 3 to 276p. Asda's relentless forward march continued, the shares added 3 to 354p on turnover of 22m. A large buyer of Unilever helped the stock lift 15 to 1072p.

A positive annual statement from Lloyds Chemist sent the shares forward 11 to 252p. Trading was particularly strong in the last 6 weeks, according to the group's chairman and chief executive.

Packaging company Arjo Wiggins Applan continued to close 3 off at 182p after investment bank BZW cut its forecasts for the group. Analyst Mr Tim Rothwell lowered his 1992 profit estimate to £167m and for the following year to £160m from £188m. The house also recommended selling the shares down to 126p arguing that the European cardboard paper business had seen a significant profit reduction over the past two and a half years.

In its weekly review, S.G. Warburg Securities rounded up some of the recent evidence that it has identified of revival in the domestic economy. It believes that the recent stimulus to the UK economy should

FT-SE Actuaries Share Indices THE UK SERIES

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
FT-SE 100	2760.1	2741.8	2705.6	2727.1	2722.9	2414.9	2760.1	2291.0	2760.1	2771.1	2771.1	2771.1	2771.1	2771.1	2771.1	2771.1	2771.1	2771.1	2771.1
FT-SE 250	2627.8	2618.0	2581.1	2618.0	2624.2	2370.4	2627.8	2157.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8	2627.8
FT-SE 350	1311.5	1323.5	1316.3	1317.0	1315.8	1172.7	1311.5	1183.1	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5	1311.5

FINANCIAL TIMES EQUITY INDICES

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Ord. div. yield	4.47	4.52	4.55	4.53	4.54	5.06	4.47	4.52	4.55	4.53	4.54	4.54	4.54	4.54	4.54	4.54	4.54	4.54	4.54
Earning yld %	6.12	6.18	6.21	6.28	6.34	7.52	6.12	6.18	6.21	6.28	6.34	6.34	6.34	6.34	6.34	6.34	6.34	6.34	6.34
P/E ratio	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80
P/E ratio net	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23	19.23
S&P 500	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0

For 1982 Ordinary share index since completion. High 2140 7/8 25/6/82 - low 40 4/8 26/6/82. Gold Mines Index since completion. High 1700 1/2 25/6/82 - low 1200 1/2 25/6/82.

Ordinary share index changes

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0	2058.0

SEAD Bargains

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558	24.558

Equity Shares Traded

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558	34,558

Excluding intra-market business & overseas turnover

Based on the trading volume for a selection of Alpha securities dealt through the SEAD system yesterday until 4.30pm. Trades of one million or more are rounded down.

TRADING VOLUME IN MAJOR STOCKS

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
AGT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Adia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Adia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Based on the trading volume for a selection of Alpha securities dealt through the SEAD system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

HEAVY TRADING

derivatives markets played a leading role in driving the London stock market ahead yesterday, writes Terry Byland.

Buyers flooded into stock index futures when Wall Street came back from Thanksgiving Day sending the December contract sharply higher. At best the December con-

tract was at 2,793.

By the close, the contract stood at 2,785, a premium of 30 against cash and about 20 on the fair value premium, which allows for dividend flows and carrying costs. There was heavy arbitraging between cash and futures. The contract traded 7,786 contracts.

However, traders warned that some of the dealing

reflected position closing and speculation ahead of the end of the equity trading account. In the new account which opens on Monday fair value premium will shrink to around 5 points.

Turnover in traded options, however, slipped to 24,489 contracts from 25,750 on Thursday. United Biscuits was the top traded stock option with 2,185 contracts.

NEW HIGHS AND LOWS FOR 1992

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
NEW HIGHS (FT)	2,760.1	2,741.8	2,705.6	2,727.1	2,722.9	2,414.9	2,760.1	2,291.0	2,760.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1	2,771.1
NEW LOWS (FT)	1,311.5	1,323.5	1,316.3	1,317.0	1,315.8	1,172.7	1,311.5	1,183.1	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5	1,311.5

RISERS AND FALLS YESTERDAY

	Rises	Falls	Same	Rises	Falls	Same	Rises	Falls	Same	Rises	Falls	Same	Rises	Falls	Same	Rises	Falls	Same	Rises	Falls	Same
British Funds	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1
Other Financial	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1
Commercial/Industrial	282	226	914	1,298	1,224	4,594	282	226	914	1,298	1,224	4,594	282	226	914	1,298	1,224	4,594	282	226	914
Financial & Property	21	79	59	854	488	2,573	21	79	59	854	488	2,573	21	79	59	854	488	2,573	21	79	59
Oil & Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plantations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mines	0	14	9	13	13	250	0	14	9	13	13	250	0	14	9	13	13	250	0	14	9
Others	18	5	93	201	138	240	18	5	93	201	138	240	18	5	93	201	138	240	18	5	93
Totals	561	427	1,682	2,646	2,335	8,352	561	427	1,682	2,646	2,335	8,352	561	427	1,682	2,646	2,335	8,352	561	427	1,682

COMMODITIES

WEEK IN THE MARKETS

Smelter closure boosts aluminium

TAJIKISTAN WAS the world on even aluminium trader's lips this week as their market climbed to the highest level since mid-October.

Until two years ago few London Metal Exchange traders had even heard of the small Soviet republic just to the north of the Hindu Kush. But since the collapse of the Soviet Union it had become something of a dirty word on the exchange as a major contributor to the flood of CIS aluminium in which the western market was flourishing.

This week, however, it was rumoured, reported, denied and finally confirmed that production at the republic's giant Begovat smelter had ground to a virtual halt because of a lack of raw materials. The smelter, which has a nominal capacity of 520,000 tonnes a year, produced 370,000 tonnes of metal last year, virtually all of it going to swell exports to the west, which are estimated to have totalled between 800,000 and 1m tonnes.

A month ago output had been cut to an annual rate of 200,000 tonnes because of a dispute about ownership, which dried up money for spare parts and shut down two of the three anode lines.

What appears to have been the final blow was the cutting of rail links between Russia

and Tajikistan, which is troubled by increasingly violent ethnic disputes. Russia has been the sole source of alumina (aluminium oxide) for the smelter since Azerbaijan cut off supplies some time ago, complaining that no aluminium was being shipped back in payment.

A National Security Committee (formerly the KGB) official had a similar explanation for the loss of Russian supplies. He told the Reuters news agency that alumina shipments had been halted "because of overdue debts". That prompted analyst Nick Moore to comment in yesterday's issue of *Ord Minnet's* Daily Metal Market Monitor: "One cannot help but wonder just how many of the other 14 (CIS) smelters are in a similar position". He also recalled a speaker at the Oslo Aluminium Conference in September saying that "no-one pays any bills in Russia anymore".

Mr Moore calculated that the drying up of Tajik supplies was equivalent to western aluminium demand growing by more than

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JERSEY (SIB REGISTERS)									
Fund Name	NAV	Price	YTD %	1Y %	3Y %	5Y %	10Y %	15Y %	20Y %
Barclays International Funds									
Barclays Global Fund	1.25	1.25	12.5	15.0	18.0	20.0	22.0	24.0	26.0
Barclays Growth Fund	1.10	1.10	10.0	12.0	14.0	16.0	18.0	20.0	22.0
Barclays Income Fund	1.05	1.05	8.0	10.0	12.0	14.0	16.0	18.0	20.0
Barclays Japan Fund	1.30	1.30	15.0	18.0	21.0	24.0	27.0	30.0	33.0
Barclays US Fund	1.15	1.15	11.0	13.0	15.0	17.0	19.0	21.0	23.0
Barclays World Fund	1.20	1.20	13.0	16.0	19.0	22.0	25.0	28.0	31.0
Barclays Europe Fund	1.18	1.18	12.0	14.0	16.0	18.0	20.0	22.0	24.0
Barclays Asia Fund	1.22	1.22	14.0	17.0	20.0	23.0	26.0	29.0	32.0
Barclays Australia Fund	1.12	1.12	9.0	11.0	13.0	15.0	17.0	19.0	21.0
Barclays New Zealand Fund	1.08	1.08	7.0	9.0	11.0	13.0	15.0	17.0	19.0
Barclays Pacific Fund	1.14	1.14	10.0	12.0	14.0	16.0	18.0	20.0	22.0
Barclays Latin America Fund	1.16	1.16	11.0	13.0	15.0	17.0	19.0	21.0	23.0
Barclays Middle East Fund	1.19	1.19	12.0	14.0	16.0	18.0	20.0	22.0	24.0
Barclays Africa Fund	1.17	1.17	11.0	13.0	15.0	17.0	19.0	21.0	23.0
Barclays Caribbean Fund	1.13	1.13	10.0	12.0	14.0	16.0	18.0	20.0	22.0
Barclays South America Fund	1.11	1.11	9.0	11.0	13.0	15.0	17.0	19.0	21.0
Barclays Central America Fund	1.09	1.09	8.0	10.0	12.0	14.0	16.0	18.0	20.0
Barclays Eastern Europe Fund	1.07	1.07	7.0	9.0	11.0	13.0	15.0	17.0	19.0
Barclays Western Europe Fund	1.06	1.06	6.0	8.0	10.0	12.0	14.0	16.0	18.0
Barclays Northern Europe Fund	1.04	1.04	5.0	7.0	9.0	11.0	13.0	15.0	17.0
Barclays Southern Europe Fund	1.03	1.03	4.0	6.0	8.0	10.0	12.0	14.0	16.0
Barclays Eastern Europe Fund	1.02	1.02	3.0	5.0	7.0	9.0	11.0	13.0	15.0
Barclays Western Europe Fund	1.01	1.01	2.0	4.0	6.0	8.0	10.0	12.0	14.0
Barclays Northern Europe Fund	1.00	1.00	1.0	3.0	5.0	7.0	9.0	11.0	13.0
Barclays Southern Europe Fund	0.99	0.99	0.0	2.0	4.0	6.0	8.0	10.0	12.0
Barclays Eastern Europe Fund	0.98	0.98	-0.1	1.0	3.0	5.0	7.0	9.0	11.0
Barclays Western Europe Fund	0.97	0.97	-0.2	0.0	2.0	4.0	6.0	8.0	10.0
Barclays Northern Europe Fund	0.96	0.96	-0.3	-0.1	1.0	3.0	5.0	7.0	9.0
Barclays Southern Europe Fund	0.95	0.95	-0.4	-0.2	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.94	0.94	-0.5	-0.3	-0.1	1.0	3.0	5.0	7.0
Barclays Western Europe Fund	0.93	0.93	-0.6	-0.4	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.92	0.92	-0.7	-0.5	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.91	0.91	-0.8	-0.6	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.90	0.90	-0.9	-0.7	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.89	0.89	-1.0	-0.8	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.88	0.88	-1.1	-0.9	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.87	0.87	-1.2	-1.0	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.86	0.86	-1.3	-1.1	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.85	0.85	-1.4	-1.2	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.84	0.84	-1.5	-1.3	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.83	0.83	-1.6	-1.4	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.82	0.82	-1.7	-1.5	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.81	0.81	-1.8	-1.6	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.80	0.80	-1.9	-1.7	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.79	0.79	-2.0	-1.8	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.78	0.78	-2.1	-1.9	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.77	0.77	-2.2	-2.0	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.76	0.76	-2.3	-2.1	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.75	0.75	-2.4	-2.2	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.74	0.74	-2.5	-2.3	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.73	0.73	-2.6	-2.4	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.72	0.72	-2.7	-2.5	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.71	0.71	-2.8	-2.6	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.70	0.70	-2.9	-2.7	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.69	0.69	-3.0	-2.8	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.68	0.68	-3.1	-2.9	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.67	0.67	-3.2	-3.0	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.66	0.66	-3.3	-3.1	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.65	0.65	-3.4	-3.2	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.64	0.64	-3.5	-3.3	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.63	0.63	-3.6	-3.4	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.62	0.62	-3.7	-3.5	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.61	0.61	-3.8	-3.6	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.60	0.60	-3.9	-3.7	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.59	0.59	-4.0	-3.8	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.58	0.58	-4.1	-3.9	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.57	0.57	-4.2	-4.0	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.56	0.56	-4.3	-4.1	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.55	0.55	-4.4	-4.2	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.54	0.54	-4.5	-4.3	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.53	0.53	-4.6	-4.4	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.52	0.52	-4.7	-4.5	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.51	0.51	-4.8	-4.6	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.50	0.50	-4.9	-4.7	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.49	0.49	-5.0	-4.8	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.48	0.48	-5.1	-4.9	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.47	0.47	-5.2	-5.0	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.46	0.46	-5.3	-5.1	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.45	0.45	-5.4	-5.2	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.44	0.44	-5.5	-5.3	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.43	0.43	-5.6	-5.4	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.42	0.42	-5.7	-5.5	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.41	0.41	-5.8	-5.6	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.40	0.40	-5.9	-5.7	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.39	0.39	-6.0	-5.8	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.38	0.38	-6.1	-5.9	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.37	0.37	-6.2	-6.0	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0.36	0.36	-6.3	-6.1	0.0	2.0	4.0	6.0	8.0
Barclays Southern Europe Fund	0.35	0.35	-6.4	-6.2	0.0	2.0	4.0	6.0	8.0
Barclays Eastern Europe Fund	0.34	0.34	-6.5	-6.3	0.0	2.0	4.0	6.0	8.0
Barclays Western Europe Fund	0.33	0.33	-6.6	-6.4	0.0	2.0	4.0	6.0	8.0
Barclays Northern Europe Fund	0								

WORLD STOCK MARKETS

AMERICA

Optimism lifts Dow in light trading

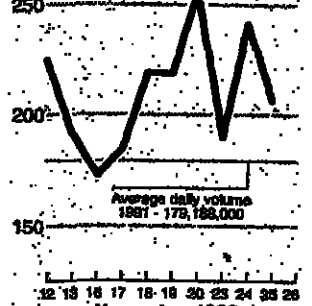
Wall Street

US STOCK markets continued to make strong advances amid mounting optimism about the economy, although trading volume was light because of the Thanksgiving holiday weekend, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was up

NYSE volume

Daily (million)



24.86 at 3,291.12, its highest point since mid-September. The more broadly based Standard & Poor's 500, meanwhile, was up 2.14 at 431.33, another all-time high. The Amex composite index rose 0.23 to 393.11, while the Nasdaq composite rose 1.52 to 628.55, a new record high. Turnover on the NYSE was light at 86m shares by 1 pm, while rises outpaced declines by a ratio of almost two to one.

Many participants extended the Thanksgiving holiday yesterday and stayed away from the market, but there was enough follow-through buying from earlier in the week to help share prices make strong gains.

Investors are feeling more positive about the economy every day, and in the wake of Tuesday and Wednesday's promising numbers on GDP, consumer confidence and big-ticket factory orders, came

more good news in the shape of a 1.0 per cent rise in personal income and a 0.7 per cent rise in personal spending for October.

Although the figures depressed the Treasury market - the benchmark 30-year government issue was down 1/8 at 100 1/8, yielding 7.590 per cent by 1 pm - the rise in bond yields did not upset equities.

Among individual stocks, blue chips were mostly higher. IBM rose 3/8 to \$85 3/8, Microsoft 1/4 to \$45 1/4, Philip Morris 1/8 to \$79 1/8, Du Pont 1/8 to \$47 1/8 and Caterpillar 1/8 to \$54 1/8.

Transportation stocks, which are expected to benefit from increased economic activity, were in demand, and airlines led the way. AAR, parent of American Airlines, rose 1 1/8 to \$64 1/8, Delta climbed 3/8 to \$52 1/8 and UAL added 3/8 to \$120 1/8. US Air was the exception, easing 1/8 to \$13 1/8.

On the Nasdaq market, Ohio Bancorp surged 3/4 to 16 per cent to \$30 1/4 on the news that the banking group is in takeover talks.

Canada

TORONTO slipped from earlier highs on weakness in the Canadian dollar and at midday the TSE-300 index stood 2.3 higher at 3,274.5 in light turnover of 315.8m. Advances led by 195 to 173 with 246 in the lead.

Canadian Pacific slipped 3/8 to C\$14 1/8. Thomson Corp. fell 3/8 to C\$14 1/8 as the TSE media and communications index climbed 0.85 per cent to 1,030.

SOUTH AFRICA

CONTINUED demand for blue chips boosted the JSE all-share index by 37 to 3,134 in steady trading. The gold index added 24 to 3 per cent to 836, while strong gains in index-linked industrial blue chips lifted that index by 48 to 4,142.

Swiss equities paralysed ahead of EEA vote

Ian Rodger assesses the possible impact of a 'yes' or 'no' to closer ties with the European Community

The Swiss stock market has entered a period of uneasy calm ahead of the national referendum next month on the European Economic Area (EEA) treaty.

The campaign in the run-up to this vote has been the most passionate seen in Switzerland since a plebiscite on foreign residents in the early 1970s.

Options polls show an extraordinarily large proportion of Swiss - 30 per cent - still undecided about whether to make this large leap towards closer economic integration with the European Community (EC).

The all-share Swiss Performance Index (SPI) oscillated from a low for the year of 1,853 at the end of August to more than 1,950 in early November before contracting the EEA blues which brought it lower, and kept it down last week before it recovered 12.9 yesterday to close at 1,887.7. This leaves it still 8.2 per cent up on the year.

As might be expected, the

SMI index of leading shares has diverged from the overall market plan as investors have taken refuge in the blue-chip issues. At its closing level yesterday of 1,914.6, it is up about 12 per cent since late August.

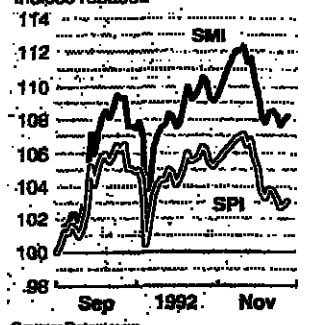
Analysts agree that, barring further large external shocks, the EEA issue will dominate the market until the December 6 vote. The outcome is of critical importance to many quoted Swiss companies.

If the treaty is accepted, export-oriented machinery makers such as the machine tool maker, George Fischer, and the lifts producer, Schindler, will benefit, while hitherto protected domestic retailers and brewers will suffer from increased competition. If the treaty is rejected, the pattern will reverse.

For the big banks and multinational industrial companies, such as Nestlé, ABB, Asea Brown Boveri, Ciba Geigy, Roche and Sandoz, the consensus view - encouraged by

Switzerland

Indices released



Source: Datastream

these organisations themselves - is that the impact of the vote will be negligible. This is because they are already well established in the EC through subsidiaries and factories and depend to a very small, or, in the case of the banks, a diminishing extent on the Swiss market for their earnings.

The market would prefer a 'yes' vote, because it is felt that a rejection would further

dampen an already weak economy. Many economists believe that a 'yes' vote would add about 4 to 6 per cent to Swiss GDP over the next two years.

Thus, when opinion polls last week indicated that the anti-EEA view was gaining ground, the market fell.

Mr Mirko Sangiorgio of Bank Julius Baer in Zurich believes that the market has still not entirely discounted the likelihood (in his view) of a negative outcome. "Not all participants have discounted a 'no', especially those from abroad, so I believe that the market could be surprised if there is a rejection, and could decline by about 4 per cent," he says.

Mr Stephan Meier, head of Swiss equity investment research at Swiss Bank Corporation, agrees. "If 20 per cent of the people have not decided on the outcome, how can the market be expected to decide?" he asks.

The anticipation of a negative result can already be seen in the recent performance of

some key shares. Ascom, the telecommunications group which is pushing aggressively into EC markets, has plunged from SF1,260 at the beginning of November to SF1,090. Schindler bearers have fallen from SF3,020 to SF2,870 over the same period.

SBC has analysed 60 companies which make up 90 per cent of the Swiss market's capitalisation and has concluded that earnings of 40 of them would decline in the event of a negative vote. Put another way, their average profit growth next year would drop from 20 per cent to 16 per cent. Still, the main negative effects would be in the longer term, Mr Meier argues, as many Swiss companies would lose their competitiveness in Europe.

As for the stock market, he fears that there would be a loss of confidence by foreign investors in all but the top Swiss stocks, and he recommends that investors use derivatives, such as puts on the SMI, to

safeguard their positions during this uncertain period. Once the EEA vote is out of the way, analysts believe that investors' attention will once again focus on fundamentals, and there is not much optimism on that front either. Earnings reports this week from Nestlé and ABB have indicated that times are getting tougher. "They were not bad, but they were worse than expected," says Mr Wolfgang Strub, an analyst at Swiss Volksbank.

Mr Sangiorgio agrees. "Our adjustments to earnings estimates are all on the downside these days, and that process is not finished," he predicts.

Bar has just revised down its forecast for Swiss GDP for next year, now anticipating a decline of 0.4 per cent instead of a flat result. The only support for the market will come from declining interest rates and inflation. Mr Sangiorgio says.

EUROPE

Stockholm bourse resumes post-devaluation rally

BOURSES traded quietly after an eventful week during which renewed currency tension monopolised investors' attention, writes Our Markets Staff.

STOCKHOLM resumed its post-devaluation rally after Thursday's pause. The Affärsvärden general index rose 22.7 to 2,661.2 on 885.2, up 7.8 per cent on the week, in turnover of SKr11.1bn, down from SKr11.1bn. Trading concentrated on blue chips and Ericsson B shares added SKr5 to SKr177 in volume of SKr12.2m.

With the exception of bank shares, all sectors posted advances. A sharp jump was registered for the real estate and construction sector, up 14.2 per cent on speculation that lower interest rates will bring about a recovery in property prices.

The banking sector dropped 5.5 per cent, after its 30 per cent surge over the previous two trading sessions. Handelsbanken B fell SKr1 to SKr38.5 while S-E Banken C eased SKr2 to SKr15.

PARIS continued to speculate about the future of the franc, and the CAC-40 index ended 10.11 higher at 1,749.75, up 1.5 per cent on the week. Turnover was a paltry FFr1.5bn.

The most significant faller of the day was Michelin which dropped FFr6.5 to 37.7 per cent to FFr78.70 on news that the tyre manufacturer had introduced short-time working, including extended Christmas shutdowns, at a number of its European factories.

FT-SE Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE 100	1048.15	1047.06	1046.27	1045.87	1045.25	1047.51	1048.72	1049.32
FT-SE 250	1119.33	1118.06	1117.84	1116.84	1116.56	1119.00	1121.55	1122.37
Nov 25	Nov 26	Nov 27	Nov 28	Nov 29	Nov 30	Nov 31	Nov 31	Nov 31
FT-SE 100	1048.05	1042.55	1038.83	1038.38	1051.29			
FT-SE 250	1118.56	1117.41	1110.69	1110.18	1117.40			

Base value 1000 (24/10/1992) High/Low: 100 - 1050.10, 200 - 1122.44, London: 100 - 1046.32, 200 - 1116.48

The agro-industrial and food group, Montedison, made early gains after Thursday's announcement of management changes in the company and at its parent group, Ferruzzi Finanziaria. The stock added L49 or 4.3 per cent to L1,900 at the closing but eased back later.

Other stocks which had been bid up for speculative reasons fell back as the retailer, Rinascente, dropped L361 or 5.2 per cent to L1,500. But the state-controlled food group, Sme, rose L25 to L5,645.

FRANKFURT closed a grey week, featuring moderately depressing inflation reports, worrying Volkswagen results and disappointment with interest rate prospects. The DAX index ended at 1,522.93, down 0.23 on the day and 1.4 per cent lower over the last five days.

Turnover fell from DM6.1bn to DM3.8bn. VW fell again, by DM3.70 to DM267, as other carmakers recovered. Retailers were also inclined mostly to move back up again but deal-

ers said that they did not believe this to be a pre-Christmas rally.

The retail sector - with Hornbach, in do-it-yourself, as the exception - is rated underweight in a James Capel review which underweights the Frankfurt market as a whole; and it is underperforming. The DMS rise to DM430 in Douglas left the luxury-oriented specialist down 5.5 per cent on the week and, in department stores, Karstadt fell another DM3.80 to DM500.30 for a 4 per cent drop over five days.

OSLO fell in this trading as speculation about a devaluation of the crown receded. The all-share index ended 3.61 lower at 353.74, down 0.7 per cent on the week, in turnover worth NKr12.2m.

BRUSSELS closed lower and Solvay was one of the main victims, falling SKr175 to SKr11,050. The Bel-20 index lost 4.07 to 1,256.56, down 1.5 per cent on the week.

AMSTERDAM saw the recovery

in chemical stocks continue as Akzo picked up 1.1 to F131 and DSM added 60 cents to F172.80. But the troubled shipping company, Nedlloyd, shed another 90 cents to F129.40 following Thursday's news of a net loss this year.

The CBS Tendency index closed unchanged at 103.2, down 0.2 per cent on the week. MADRID's reawakening on Thursday proved short-lived, and black trades provided most of yesterday's Pt13.23bn turnover as the general index finished 0.52 higher at 215.29, 1.2 per cent up on the week. They saw support on hopes that they would maintain their dividends, Sevillana closing Pt18 or 4.4 per cent higher at Pt126 and Union Fenosa, the day's most active stock adding Pt12 to Pt140.1 in 1.75m shares.

ISTANBUL rose 2.4 per cent for a two-day gain of 5.2 per cent on the prospect of a tax decree favouring equity investment. The 75-share index closed 86.27 higher at 3,843.06.

ASIA PACIFIC

Nikkei eases after seven-day climb

Tokyo

POSITION adjustment ahead of the weekend pushed prices down, and share prices fell for the first time in seven trading days despite buying by arbitrageurs and public funds, writes Emilio Terazono in Tokyo.

The Nikkei average lost 8.43 to 17,470.61, falling after its longest consecutive rise since February last year though still up 2.6 per cent on the week. The index fluctuated between the day's low of 17,368.51 and high of 17,569.31.

Volume fell to 250m shares from 311m. Although the Nikkei fell, other market indices reflected the underlying positive sentiment. Gainers led losers by 531 to 426 with 173 unchanged. The Topix index of all first section stocks rose 4.48 to 1,307.54, while the second section also advanced. In London, the ISE/Nikkei 50 index rose 0.95 to 1,056.96.

Dealers covered short positions while public funds fell on profit-taking. Nippon lost Y3 to Y723 and Hitachi lost Y3 to Y723. Precision makers gained

buying by institutional investors was absent.

Securities issues recovered after a fall on Thursday's announcement by Nomura Securities of compensation totalling Y23bn to individual clients, due to slack sales procedures. Nomura Securities gained Y50 to Y1,450 and Daiwa Securities Y25 to Y835.

Banks, which announced interim earnings results on Thursday, were mixed. Dealers adjusted positions on bank issues as brokers noted increased inquiries from financial authorities concerning share price movements. Traders said short-selling hedge funds, wary of being questioned by the ministry of finance, were reluctant to take out new positions. Bank of Tokyo fell Y10 to Y1,340 and Sakura Bank remained unchanged at Y1,150.

Some high-technology issues which rose on Thursday on buying by public funds, fell on profit-taking. NEC fell Y12 to Y757 and Hitachi lost Y3 to Y723. Precision makers gained

ground on hopes of a recovery in the US economy. Canon rose Y20 to Y1,330 and Citizen Watch gained Y11 to Y905. Honda Motor also advanced, by Y60 to Y1,380.

In Osaka, the OSE average gained 33.20 to 18,788.59 in volume of 29.1m shares.

Roundup

DOMESTIC and international influences lifted most of the region's markets, but Australia failed to regain its momentum. NEW ZEALAND extended its bull run yet again, the NZSE-40 index closing 20.26 higher at 1,545.27, up 6.9 per cent on the week, in moderate turnover of NZ\$29m.

Fletcher Challenge closed up 11 cents at NZ\$2.11 amid rumours that it is about to announce an asset sale.

HONG KONG got a boost from London traded stocks and the Hang Seng index climbed 73.49 to 5,986.97, 1.5 per cent higher on the week, in turnover over HK\$1.81bn to HK\$1.97bn. Banks posted the sharpest

increases, with HSBC Holdings and its Hang Seng Bank unit both rising HK\$1 to HK\$90 and HK\$34 respectively.

BANKOK rose as a B10bn rescue fund pooled by brokers had started buying. The SET index rose 11.25 to 869.49, fractionally down on the week, in turnover of B\$2.8m.

SINGAPORE took its gain on the week to 2.4 per cent as the Straits Times Industrial index closed 10.97 higher at 1,447.96.

AUSTRALIA stayed flat in mixed trade, still 2.9 per cent higher on the week as the All Ordinaries index finished 0.1 lower at 1,450.8. Turnover was A\$288m and CSR was the star of the day, rising 14 cents to A\$3.75 on improved earnings.

SEOUL fell on pre-election jitters. The composite index shed 10.09 to 650.85 but stood 2.4 per cent higher on the week, in turnover down from Won87.5bn to Won64.9bn.

BOMBAY opened weak at the start of the new account but finished mixed on late institutional buying. The BSE index ended 0.70 down at 2,460.80, down 0.5 per cent on the week.

LONDON SHARE SERVICE

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

THURSDAY NOVEMBER 26 1992										WEDNESDAY NOVEMBER 25 1992										DOLLAR INDEX					
Figures in parentheses show number of lines of stock										Figures in parentheses show number of lines of stock										Figures in parentheses show number of lines of stock					
NATIONAL AND REGIONAL MARKETS										NATIONAL AND REGIONAL MARKETS										NATIONAL AND REGIONAL MARKETS					
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Gross Div. Yield	1992 High	1992 Low	Year ago (approx)
Australia (88)	116.22	-0.9	113.21	91.21	96.50	112.51	-0.7	4.31	117.24	114.02	91.82	97.18	113.34	153.68	106.18	150.83	118.22	91.21	96.50	112.51	-0.7	4.31	138.70	135.70	138.70
Austria (19)	138.80	-0.5	138.01	108.77	115.05	114.78	-0.4	2.41	138.24	135.41	109.05	115.50	153.62	106.70	147.88	150.83	138.80	108.77	115.05	114.78	-0.4	2.41	153.62	150.83	153.62
Belgium (42)	136.35	-0.5	131.92	108.19	112.36	108.63	-0.5	3.29	136.20	132.46	108.06	112.87	108.07	152.21	104.41	131.36	136.35	108.19	112.36	108.63	-0.5	3.29	152.21	149.42	152.21
Canada (113)	113.02	-0.5	110.09	88.89	93.83	104.96	-0.5	3.23	112.43	108.34	88.05	93.17	104.45	142.12	111.38	138.57	113.02	88.89	93.83	104.96	-0.5	3.23	142.12	138.57	142.12
Denmark (34)	187.21	-0.2	182.36	146.92	152.43	157.57	-0.9	1.73	186.75	181.61	148.26	154.78	158.23	273.34	181.70	254.17	187.21	146.92	152.43	157.57	-0.9	1.73	273.34	254.17	273.34
Finland (15)	71.30	+0.8	68.54	58.11	61.14	61.14	+0.7	1.01	70.56	67.81	58.11	61.14	61.14	102.07	60.82	61.14	71.30	58.11	61.14	61.14	+0.7	1.01	102.07	102.07	102.07
France (148)	144.24	+0.7	137.75	115.23	120.60	120.60	+0.9	3.76	144.40	137.32	115.23	117.17	119.78	108.75	136.83	144.24	137.75	115.23	120.60	120.60	+0.9	3.76	136.83	136.83	136.83
Germany (84)	171.50	-0.1	161.55	118.53	88.56	88.56	+0.3	2.63	171.47	161.53	88.56	88.56	88.56	129.08	106.51	171.50	161.55	118.53	88.56	88.56	+0.3	2.63	129.08	129.08	129.08
Hong Kong (53)	240.55	+0.24	234.22	188.78	199.73	238.67	+0.7	4.58	240.55	234.22	188.78	199.73	238.67	129.08	106.51	240.55	234.22	188.78	199.73	238.67	+0.7	4.58	238.67	238.67	238.67
Italy (77)	115.05	-0.1	115.05	115.05	115.05	115.05	+0.3	3.76	115.05	115.05	115.05	115.05	115.05	115.05	115.05	115.05	115.05	115.05	115.05	115.05	+0.3	3.76	115.05	115.05	115.05
Japan (148)	56.75	-0.9	56.26	44.53	47.12	58.74	-0.5	3.54	56.26	55.71	44.53	47.12	58.74	106.51	80.86	56.75	56.26	44.53	47.12	58.74	-0.5	3.54	106.51	106.51	106.51
Malaysia (472)	105.29	+0.4	105.29	82.63	87.43	82.63	+0.4	1.02	105.29	82.63	87.43	82.63	82.63	105.29	82.63	105.29	105.29	82.63	87.43	82.63	+0.4	1.02	105.29	105.29	105.29
Netherlands (25)	275.02	-0.1	267.90	218.82	228.34	261.51	-0.1	1.85	275.02	267.90	218.82	228.34	261.51	129.08	106.51	275.02	267.90	218.82	228.34	261.51	-0.1	1.85	261.51	261.51	261.51
New Zealand (13)	150.04	-0.5	150.04	121.61	121.61	121.61	-0.5	4.04	150.04	121.61	121.61	121.61	121.61	150.04	121.61	150.04	121.61	121.61	121.61	121.61	-0.5	4.04	121.61	121.61	121.61
Norway (22)	150.04	-0.1	146.18	117.75	124.56	122.89	+0.2	4.83	146.18	117.75	124.56	122.89	122.89	150.04	121.61	150.04	146.18	117.75	124.56	122.89	+0.2	4.83	122.89	122.89	122.89
Portugal (35)	42.33	-2.2	41.23	36.22	35.25	43.58	-2.4	2.42	41.23	36.22	35.25	43.58	43.58	42.33	36.22	41.23	41.23	36.22	35.25	43.58	-2.4	2.42	43.58	43.58	43.58
Spain (80)	138.80	-0.8	138.80	117.75	116.08	122.89	-0.8	2.42	138.80	117.75	116.08	122.89	122.89	138.80	117.75	138.80	138.80	117.75	116.08	122.89	-0.8	2.42	122.89	122.89	122.89
Sweden (31)	138.80	+2.0	138.80	156.00	156.00	156.00	+2.0	2.20	138.80	156.00	156.00	156.00	156.00	138.80	156.00	138.80	138.80	156.00	156.00	156.00	+2.0	2.20	156.00	156.00	156.00
Switzerland (80)	136.47	-0.9	136.47	101.70	113.31	148.32	-0.3	2.40	136.47	101.70	113.31	148.32	148.32	136.47	101.70	136.47	136.47	101.70	113.31	148.32	-0.3	2.40	148.32	148.32	148.32
Taiwan (80)	116.71	-1.0	116.71	89.59	89.60	101.63	-1.0	1.53	116.71	89.59	89.60	101.63	101.63	116.71	89.59	116.71	116.71	89.59	89.60	101.63	-1.0	1.53	101.63	101.63	101.63
United Kingdom (227)	162.86	-2.1	162.86	127.81	135.23	164.07	-1.5	2.39	162.86	127.81	135.23	164.07	164.07	162.86	127.81	162.86	162.86	127.81	135.23	164.07	-1.5	2.39	164.07	164.07	164.07
USA (522)	104.15	+0.3	104.15	81.74	88.48	92.56	+0.5	2.31	104.15	81.74	88.48	92.56	92.56	104.15	81.74	104.15	104.15	81.74	88.48	92.56	+0.5	2.31	92.56	92.56	92.56
World (130)	155.74	+0.9	155.74	130.06	137.50	161.45	+1.1	4.50	155.74	130.06	137.50	161.45	161.45	155.74	130.06	155.74	155.74	130.06	137.50	161.45	+1.1	4.50	161.45	161.45	161.45
World Japan (1733)	175.46	+0.0	175.46	137.70	145.88	175.46	+0.0	2.90	175.46	137.70	145.88	175.46	175.46	175.46	137.70	175.46	175.46	137.70	145.88	175.46	+0.0	2.90	175.46	175.46	175.46
Australia (779)	132.50	+0.4	126.07	103.98	110.22	119.92	-0.7	3.83	131.95	128.33	103.98	109.33	109.33	132.50	103.98	132.50	132.50	103.98	110.22	119.92	-0.7	3.83	119.92	119.92	119.92
Belgium (102)	147.29	-1.8	144.37	115.59	122.29	133.88	-0.5	1.46	147.29	115.59	122.29	133.88	133.88	147.29	115.59	147.29	147.29	115.59	122.29	133.88	-0.5	1.46	133.88	133.88	133.88
Canada (713)	118.15	-0.4	118.15	93.50	94.82	100.96	-0.5	3.16	118.15	93.50	94.82	100.96	100.96	118.15	93.50	118.15	118.15	93.50	94.82	100.96	-0.5	3.16	100.96	100.96	100.96
Denmark (142)	171.50	-0.9	167.14	134.57	142.90	170.87	+0.0	2.91	171.50	134.57	142.90	170.87	170.87	171.50	134.57	171.50	171.50	134.57	142.90	170.87	+0.0	2.91	170.87	170.87	170.87
France (142)	112.51	+0.1	108.59	88.89	93.83	97.40	+0.4	3.47	112.51	88.89	93.83	97.40	97.40	112.51	88.89	112.51	112.51	88.89	93.83	97.40	+0.4	3.47	97.40	97.40	97.40
Germany (142)	157.07	-0.0	153.01	123.29	130.43	130.43	-0.0	2.54	157.07	123.29	130.43	130.43	130.43	157.07	123.29	157.07	157.07	123.29	130.43	130.43	-0.0	2.54	130.43	130.43	130.43
Hong Kong (241)	240.55	+0.2	234.22	188.78	199.73	238.67	+0.7	4.58	240.55	234.22	188.78	199.73	238.67	129.08	106.51	240.55	234.22	188.78	199.73	238.67	+0.7	4.58	238.67	238.67	238.67
Italy (178)	135.11	-0.1	131.61	106.04	112.19	121.62	+0.2	2.48	134.93	106.04	112.19	121.62	121.62	135.11	106.04	135.11	135.11	106.04	112.19	121.62	+0.2	2.48	121.62	121.62	121.62
Japan (148)	137.81	-0.2	134.34	106.04	112.19	121.62	+0.3	2.69	137.81	106.04	112.19	121.62	121.62	137.81	106.04	137.81	137.81	106.04	112.19	121.62	+0.3	2.69	121.62	121.62	121.62
Malaysia (472)	156.23	-0.2	156.23	122.82	128.74	148.88	+0.2	3.28	156.23	122.82	128.74	148.88	148.88	156.23	122.82	156.23	156.23	122.82	128.74	148.88	+0.2	3.28	148.88	148.88	148.88
Netherlands (25)	137.74	-0.2	134.21	108.13	114.40	125.16	+0.3	2.68	137.74	108.13	114.40	125.16	125.16	137.74	108.13	137.74	137.74	108.13	114.40	125.16	+0.3	2.68	125.16	125.16	125.16

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FINANCIAL TIMES

Weekend November 28/November 29 1992



Consumer price increase sours mood after moderate wage claim

German pay demand set at 5%

By Christopher Parkes
in Frankfurt

A CLAIM for a basic 5 per cent pay increase for 2.3m west German public sector workers next year was cautiously welcomed yesterday as the first sign that wage-driven inflation might be brought under control.

However, the mood was soured by provisional figures which showed consumer prices had risen 0.5 per cent last month, leaving the annual inflation rate unchanged at 3.7 per cent. Most economists had expected a small decline.

The pay demand, agreed by national leaders of the ÖTV union yesterday, compares with last year's 3.5 per cent basic claim. This led to a bitter 11-day strike in the spring.

It raised hopes that a deal

could be struck around the 3 per cent level that the Bundesbank considers necessary in all sectors in the west if inflation is to be combatted effectively and interest rates reduced.

But the claim also raised the prospect of a difficult negotiating round for the federal government, the main public sector employer. Professor Herbert Hax, leader of the "five wise men" who give Bonn independent economic advice, recommended a pay freeze for public officials.

Although private sector groups, including banking, insurance and steel workers, are pressing claims of 7.5 per cent, the ÖTV leaders appear to have taken account of the accelerating economic downturn and non-stop campaigning for pay restraint by government, employers and the Bundesbank.

"Such a realistic demand can only be positive," said economist Mr Peter Pietsch at Commerzbank. He expected ÖTV to settle for "three-point-something" and a similar pattern in the private sector. Other unions appeared to be showing much more flexibility than in the past two years, when settlements of between 6 and 7 per cent contributed to inflation increases, he said.

Although steel workers' representatives earlier this week refused a 3 per cent offer, the rejection came without the threats which characterised last year's wage negotiations.

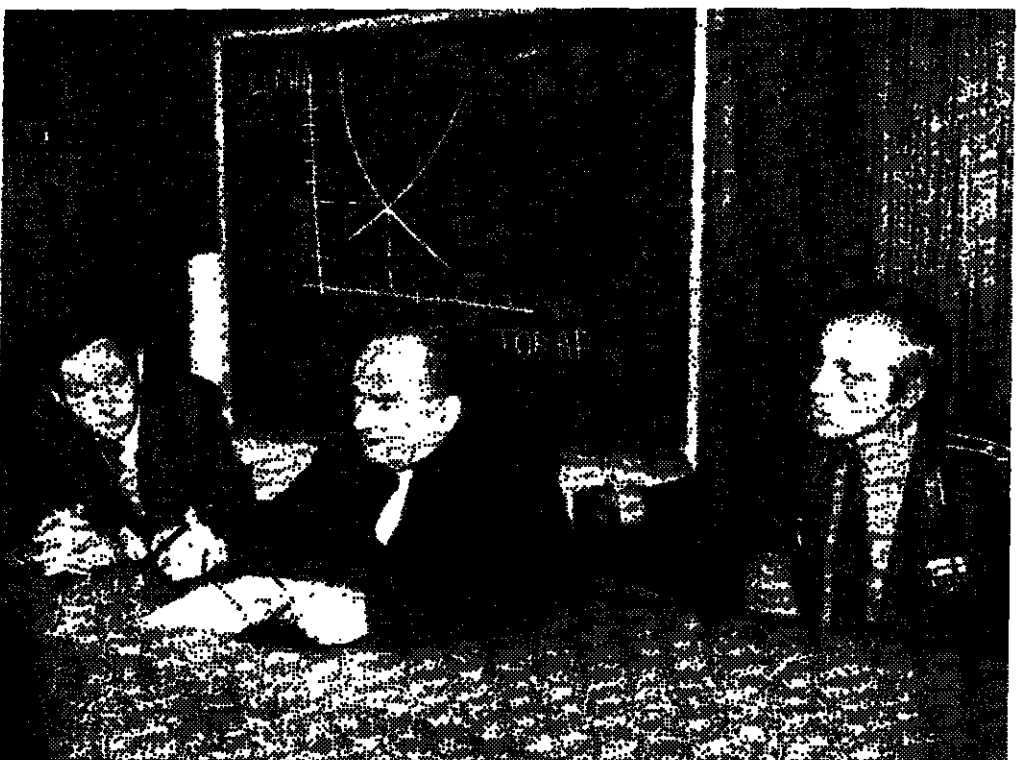
"Much too high," said Mr Dietrich Beier at Berliner Bank. Taking into account ÖTV's as yet undefined demands for a "social component", he guessed the claim was worth 5 per cent or more. "The right number is 3 per

cent. 3.5 per cent is too high for the Bundesbank and too high for the solidarity pact," he said. Chancellor Helmut Kohl is seeking agreement on a solidarity pact involving opposition parties, unions and employers, aimed at solving the economic crisis in the east and countering recessionary tendencies in the west.

Government officials, who are expected to start negotiations with ÖTV before Christmas, will enter the talks with little room to manoeuvre. Bonn is pledged to limit increases in spending next year to 2.5 per cent.

If it sets an example to the private sector with a settlement deemed "unsuitable" by the Bundesbank, then prospects for lower interest rates in the new year would be damaged.

Editorial Comment, Page 5



Classroom battle: Russian officers (seated in front of a supply and demand chart) struggle to adapt their military skills to the tough new world of market forces and tax inspection. Picture: Viktor Korotayev

Russian army officers train for more taxing profession

By Leyla Boulton in Moscow

TURNING swords into ploughshares has taken on a new meaning in Russia as army officers laid off because of defence cuts retrain as tax inspectors.

Dr Nikolai Filinov, in charge of a special diploma for officers trying to find their feet in the new Russia, claims they have a special contribution to make.

"It's mostly women who work there now, but former officers will be ideal in situations where tax collectors have to go and persuade enterprises into paying taxes," he claimed.

Both the creation of an efficient tax-collection system and the scaling down of Russia's huge army are essential if the centrally planned economy, geared primarily to the needs of a bloated defence establishment, is to be transformed.

The two tasks are fraught with difficulties. Thousands of officers

must find new jobs in civilian life, while an old-style tax inspectorate is having trouble adjusting to numerous new demands. These include coping with complex levies such as value added tax and trying to extract money from new businesses, which pay no taxes, and old state-owned enterprises which are too indebted to pay taxes to a bankrupt state.

Mr Sergei Alexashenko, a Russian economist specialising in tax and budgetary issues, said a lack of trained personnel was a key obstacle to efficient tax collection. He also cited a primitive banking system, which can take months to effect transfers, and the temptations for poorly paid tax inspectors to accept bribes.

A Moscow Institute named after Sergo Ordzhonikidze, a Bolshevik revolutionary, is trying to help solve both problems with a four-month training course giving former officers basic skills in

business management and tax collection.

Prof Mikhail Koptiev, who teaches a class in international finance - which includes topics such as capital flight, a big problem for Russia - said the military made ideal students: "They are very disciplined, very educated, and learn fast."

Almost half this year's intake of 200 are military men, 33 of whom are already working as tax inspectors. But many of the future graduates hope to use their skills to go into business instead. Military skills may come in handy there too, given the degree of extortion in Russia. Air force Col Viktor Kondratiev, 45, said he wanted to set up a civilian air transport company. But Lt-Col Igor Anikeev, 38, had not made up his mind to leap into the unknown. "We are used to living in an orderly world, and government service has a certain security about it."

Financier faces probe into Castor bankruptcy

By Bernard Simon in Toronto

MR WOLFGANG Stolzenberg, the secretive German-Canadian financier, has agreed to be examined under oath in Montreal next week over the collapse of Castor Holdings, the international property finance group which he controlled.

Mr Stolzenberg, accompanied by a legal representative, is due to be questioned from Tuesday by officials of Richter & Associates, Castor's bankruptcy trustee. The examination, lasting up to four days, will be in private.

Castor, which specialised in high-risk second-hand mortgages and construction loans, went into bankruptcy last July. Although the value of its assets was set at C\$1.9bn (\$960m) in 1991, creditors are expected to lose at least C\$1bn.

The creditors are mostly European banks and private investors, attracted by the 1980s North American property boom and tax benefits Castor obtained by channeling much of its business through offshore tax havens.

The trustee is also due to provide creditors next week with a second progress report on the wind-up of Castor. They will be told investigations are at a delicate stage and little information can be divulged.

Mr Stolzenberg is one of about 20 people Richter officials are interviewing. The trustee also wants to question Mr Karsten von Wersebe, co-founder of Castor with Mr Stolzenberg. Mr von Wersebe's other interests include a controlling stake in York-Hanover, another troubled Canadian property group with strong European links. Until earlier this year, he also controlled Coutinho Caro, a bankrupt Hamburg steel, shipping and construction group.

Mr von Wersebe's companies have been at the centre of allegations in Switzerland that Rothschild Bank of Zurich, an associate of NM Rothschild of London, contravened banking rules by advancing more than 20 per cent of its capital in unsecured loans to a single customer.

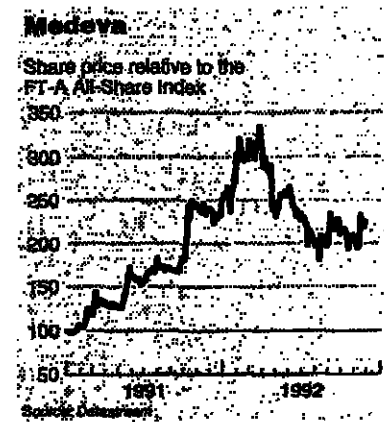
Among the subjects on which Mr Stolzenberg is likely to be questioned are his links with Castor and Imry Merchant Developments, the UK property group in which he acquired a controlling stake in 1989.

Imry's affairs were discussed at a meeting in London last week between Mr Stolzenberg, Imry's chief director and officials of Barclays Bank, which has an exposure of just under \$400m to Imry and faces huge losses on these loans.

THE LEX COLUMN

Cycling ahead

FT-SE index: 2760.1 (+18.3)



There is an undeniably firm tone to London equities at the moment, even if the market waited for Wall Street yesterday before going on to conquer another FT-SE closing peak. The conviction is growing that, even if recovery comes slowly, 1994 will be a period of strong UK corporate earnings growth; next year, as a consequence, may not be the time for sitting on the sidelines.

A curious feature, though, is investor uncertainty about what companies to be buying. In the wake of sterling's depreciation overseas earners were an obvious target. But there remains a distinct ambivalence about the relative merits of defensive and cyclical stocks. Part of the problem is probably semantics, with the likes of Reuters, Cable and Wireless and BT these days defying easy categorisation. Investors are also likely to be wary of cyclical, which have flattered at least twice in the last couple of years only to decieve. More pertinently, though, many of the companies which benefited at this stage of previous cycles may not prosper to the same extent this time round. Building materials producers and others dependent on the traumatised property market are one category; hotels and leisure groups dependent on the unlikely return of high-spending consumers form another. Conversely, the market may look more favourably on sectors like paper and packaging, transport, specialty chemicals and even engineering.

The durability of the current rally in equities, meanwhile, will to some extent rest on where long gilt yields settle. That, though, is a problem for next year's second half.

Currencies

A week after the latest half-hearted realignment, the ERM is holding together, but only just. Several factors may have helped stave off the new crisis that seemed imminent on Monday. The Irish election was a distraction. Trading was subdued by the US Thanksgiving Day holiday. Countries in the immediate firing line raised short-term rates. And the French franc was bolstered in midweek by a large Far Eastern commercial order.

None of this is enough, though, to obscure the fact that basic tensions in the system are unresolved. Indeed, without a background of currency strain, the Bundesbank might even have reasons for increasing rates. Money supply growth is in

double digits. The latest regional inflation figures are particularly disappointing: the state of Hesse yesterday reported a year-on-year consumer price rise of 4.2 per cent. True, the emphasis could change if next week's industrial output and unemployment figures point to further economic weakness. But the Bundesbank is more concerned with inflation than offsetting the cycle. The trouble is that as long as it persists with tight money, other ERM countries must subject themselves to a deflationary discipline which defies credibility.

Small wonder, then, that the French franc is again looking sickly and the Irish punt fell below its floor against the Belgian franc yesterday afternoon. It is just possible that with Christmas approaching and a good year's profits already in the bag, currency traders may decide the party circuit holds more appeal than another bout of nerve-racking speculation. But sooner or later, something will have to give. The question is one of timing.

Allied-Lyons

It must come as a relief to Allied-Lyons that it is finally free to go ahead with its Carlsberg venture, especially on slightly less onerous terms than those originally proposed by the Monopolies & Mergers Commission. Instead of rationing supplies to its tied outlets, Allied faces the simpler task of freeing a further 400 from the tie. That was not enough, though, to prompt a share price reaction yesterday. The market has assumed for some time that the venture would go ahead and that the short-term earnings impact would be small.

Consummation of the deal will produce a cash inflow of some £135m in the current half, which should cut the interest bill on the company's £1.9bn debt. But those savings will probably be offset by rationalisation charges in distribution and administration.

Of more immediate interest is what the company says about current trading at next week's interim results. Worries on that score, though more particularly over food and spirits than beer, have been the ostensible reason for a 3 per cent share price fall since Tuesday. That looks odd against a rising market, but Allied has outperformed Guinness by over 15 per cent since Black Wednesday - all the more ambitious since the two are now trading on an almost identical historic multiple of 15.

Medeva

The market might be forgiven for being left behind by the whirl of acquisitions and disposals at Medeva. In last year's annual report the chairman was still talking about building the largest generic pharmaceuticals company in the UK. Most of that business has now been sold. Getting out of low-margin commodity generics looks sensible. But Medeva can hardly expect the market not to worry about what the next twist of strategy will bring.

Having seen its shares fall by 25 per cent from their peak this year, Medeva will struggle to fund its grand ambitions by issuing new paper. That being placed in the US to acquire the Armstrong respiratory drugs business could be an unwelcome drag on the price. Some solid growth from the remaining hodge-podge of businesses would not go amiss. Whether the management can deliver such growth remains an open question. Niche positions in areas like narcotic pain killers look secure, but the growth prospects are less obvious. The asthma market looks a better bet with Glaxo's Ventolin losing its US patent next year. New accounting standards should at least help separate the wheat from the chaff by making Medeva strip out the contribution of discontinued business. The shares have still outperformed the market by some 200 per cent in the two years since Mr Bernard Taylor arrived from Glaxo. Investors must decide whether the recent weakness is simply a blip in a longer upward trend. There was little underlying yesterday's nine-month numbers, however, to prove that Medeva has the skills to regain its premium rating.

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(so that we may call you to answer any questions you may have)

Nationality

Signature

Date

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1033

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (DM)		Paris (FFr)		Tokyo (Yen)	
Alcoa Ind	517 5	+ 6 5	Alcoa Ind	517 5	+ 6 5
Bil. S. Baur	878	+ 8	Bil. S. Baur	878	+ 8
Fag Kugelsch	115 5	+ 6 5	Fag Kugelsch	115 5	+ 6 5
Industrie Werke	255 5	+ 9 5	Industrie Werke	255 5	+ 9 5
Heidelb Zsm	888	+ 12	Heidelb Zsm	888	+ 12
Volkswagen	267	+ 3 7	Volkswagen	267	+ 3 7
New York (\$)		London (Pence)		Frankfurt (DM)	
AMR	84 1/2	+ 1 1/2	AMR	84 1/2	+ 1 1/2
Chrysler	54 3/4	+ 1 1/2	Chrysler	54 3/4	+ 1 1/2
De Post	47 3/4	+ 1 1/2	De Post	47 3/4	+ 1 1/2
IBM	65 3/4	+ 1 1/2	IBM	65 3/4	+ 1 1/2
One Bancorp	30 1/4	+ 4 1/4	One Bancorp	30 1/4	+ 4 1/4
USAR	13	- 1/4	USAR	13	- 1/4
New York prices at 12.30pm			New York prices at 12.30pm		
Alcoa Ind	517 5	+ 6 5	Alcoa Ind	517 5	+ 6 5
Bil. S. Baur	878	+ 8	Bil. S. Baur	878	+ 8
Fag Kugelsch	115 5	+ 6 5	Fag Kugelsch	115 5	+ 6 5
Industrie Werke	255 5	+ 9 5	Industrie Werke	255 5	+ 9 5
Heidelb Zsm	888	+ 12	Heidelb Zsm	888	+ 12
Volkswagen	267	+ 3 7	Volkswagen	267	+ 3 7

World Weather		Chicago (C)		London (C)	
Algeria	13 64	Algeria	13 64	Algeria	13 64
Amsterdam	11 50	Amsterdam	11 50	Amsterdam	11 50
Atlanta	13 55	Atlanta	13 55	Atlanta	13 55
Bahia	23 74	Bahia	23 74	Bahia	23 74
Bangkok	27 82	Bangkok	27 82	Bangkok	27 82
Berlin	10 50	Berlin	10 50	Berlin	10 50
Bombay	27 82	Bombay	27 82	Bombay	27 82
Buenos Aires	13 55	Buenos Aires	13 55	Buenos Aires	13 55
Calcutta	27 82	Calcutta	27 82	Calcutta	27 82
Cairo	13 55	Cairo	13 55	Cairo	13 55
Cardiff	11 50	Cardiff	11 50	Cardiff	11 50
Chennai	27 82	Chennai	27 82	Chennai	27 82
Colombo	27 82	Colombo	27 82	Colombo	27 82
Copenhagen	10 50	Copenhagen	10 50	Copenhagen	10 50
Dallas	10 50	Dallas	10 50	Dallas	10 50
Dhaka	27 82	Dhaka	27 82	Dhaka	27 82
Dublin	10 50	Dublin	10 50	Dublin	10 50
Edinburgh	10 50	Edinburgh	10 50	Edinburgh	10 50
Fair	10 50	Fair	10 50	Fair	10 50
Frankfurt	10 50	Frankfurt	10 50	Frankfurt	10 50
Glasgow	10 50	Glasgow	10 50	Glasgow	10 50
Hong Kong	27 82	Hong Kong	27 82	Hong Kong	27 82
Imbabura	10 50	Imbabura	10 50	Imbabura	10 50
London	10 50	London	10 50	London	10 50
Los Angeles	10 50	Los Angeles	10 50	Los Angeles	10 50
Madras	27 82	Madras	27 82	Madras	27 82
Manila	27 82	Manila	27 82	Manila	27 82
Mexico City	10 50	Mexico City	10 50	Mexico City	10 50
Mumbai	27 82	Mumbai	27 82	Mumbai	27 82
New York	10 50	New York	10 50	New York	10 50
Osaka	27 82	Osaka	27 82	Osaka	27 82
Paris	10 50	Paris	10 50	Paris	10 50
Perth	10 50	Perth	10 50	Perth	10 50
Rangoon	27 82	Rangoon	27 82	Rangoon	27 82
San Francisco	10 50	San Francisco	10 50	San Francisco	10 50
Singapore	27 82	Singapore	27 82	Singapore	27 82
Sydney	10 50	Sydney	10 50	Sydney	10 50
Taipei	27 82	Taipei	27 82	Taipei	27 82
Tokyo	10 50	Tokyo	10 50	Tokyo	10 50
Winnipeg	10 50	Winnipeg	10 50	Winnipeg	10 50
Zurich	10 50	Zurich	10 50	Zurich	10 50

Temperatures at midday yesterday. 1 Noon GMT temperatures. C=Cloudy D=Drizzle F=Fair P=Partly R=Rain S=Sunny SI=Shiny SN=Snow T=Thunder

Weekend FT

SECTION II

Weekend November 28/November 29 1992

One man's war against the evils of society

Fifty years ago, Sir William Beveridge battled to establish the welfare state amid the horrors of world conflict. John Willman asks, did he succeed?

THE ALLIED guns had turned the tide of war at El Alamein in North Africa. The Nazi advance across the frozen Soviet Union was held up at Stalingrad, but mainland Europe from the Atlantic to the Urals was still under Hitler's thrall. Winston Churchill was at his desk as usual in Downing Street on a bleak November day in 1942 when a heavy report dropped on to the maps and directives spread before the prime minister. This volume was to change the face of Britain in a way that no German blitz could do. It was the blueprint for a welfare state.

Now 50 years later, the shortcomings in Sir William Beveridge's vision of a comprehensive welfare system can be seen all too clearly – even though some of the faults stem from the way in which his plans were implemented. At the time, the Beveridge report sent shockwaves throughout Whitehall and Westminster, fatally damaging Churchill's hopes of post-war re-election as he strove to balance the huge potential cost of a welfare state against public enthusiasm.

Ministers had expected the proposals to be much more modest. Beveridge's inquiry had been set up in June 1941 at the request of the Trades Union Congress to tidy up the confusion of inadequate social and medical insurance schemes. No one expected him to start a revolution.

But the opening phrases showed the grandeur of his vision: "A revolutionary moment in the world's history is a time for revolutions, not for patching... Want is only one of the five giants on the road of reconstruction. The others are Disease, Ignorance, Squalor and Idleness." The defeat of these evil giants would require sweeping changes and big money.

As soon as the Treasury counted the costs, it opposed the reforms – and Churchill was joined by other influential ministers in questioning the expense, scope and timing of such an ambitious plan. Beveridge, indeed, received no support from the cabinet except from Brendan Bracken, the information minister. But after some skilfully-engineered press leaks, he succeeded in getting the report published on December 2, 1942.

The reception was rapturous. A mile-long queue formed outside the government bookshop for the 300-page report. It became a best-seller, with 250,000 copies sold that year. A cheap edition was sent out to the armed forces, 50,000 copies were sold in the US, and summaries in many languages were parachuted into occupied Europe.

One Londoner quoted by Mass Observation, the opinion research organisation, said that the publication of the Beveridge report ranked with VE Day (for Victory in Europe) as one of the two most memorable days of the war.

A Gallup poll at the time showed that 95 per cent of the population knew about the report and overwhelmingly approved of it. A complete translation was circulated in Germany, marked "Top Secret". Copies of the Nazi response to Beveridge were discovered in the remains of Hitler's Berlin bunker.

Beveridge even made it on to ITMA (*It's That Man Again*), the popular radio comedy programme starring Tommy Handley and his team of millions. Handley was introduced as "His Fatuity, the minister of Social Filarity", who had "been up the last three days and nights reading the first chapter of a book called *Gone with the Want* by that stout fellow Beveridge".

But the report's transition from vision to reality took three more years. The delay hurt the popularity



of Churchill and the Conservatives in his coalition government, in spite of three white papers on the subject, and the introduction of the Family Allowances Act. The public's impatience for change was one of the main reasons for the Labour party's landslide election in 1945. The baton for social revolution passed to Clement Attlee.

Ironically, Beveridge had become chairman of this inquiry because his bosses at the Ministry of Labour wanted to be rid of a turbulent academic and gave him a job where they fancied he could do little harm. He remained master of University College Oxford when he was co-opted into the service of the wartime government, along with other distinguished academics, such as Maynard Keynes and James Meade.

He took charge of manpower planning in the Ministry of Labour in 1940 and soon began to annoy his

minister, Ernest Bevin, the former trade unionist, with unsolicited advice on how to win the war. He drew this from his experience as a civil servant in the first world war when he helped to organise mass mobilisation and food rationing.

"He was a very clever man, and had done a good job on manpower," according to Tom Wilson, later the Adam Smith Professor of Political Economy at Glasgow University, who met Beveridge while working in the Cabinet Office secretariat. "But he was vain and terribly difficult to work with."

Bevin took the first opportunity to rid himself of this difficult man and when Beveridge accepted the chairmanship of the inquiry into social and medical insurance, he had tears in his eyes. Eighteen months later, his report with the unappealing title *Social Insurance and Allied Services*, was on the

desks of unhappy ministers.

Churchill himself was not opposed to the idea of a more comprehensive welfare system. He had been responsible in 1909 for setting up labour exchanges and launching the world's first statutory social insurance scheme. But other compelling – and expensive – plans were being prepared: for educational reform, for slum clearance and for the reconstruction of industry. Churchill wanted to wait until after the war before committing the country to any particular scheme.

Beveridge recommended the creation of a comprehensive system of national insurance. Compulsory flat-rate contributions would be paid by employers, the insured and the state, to pay for universal benefits such as a retirement pension, sickness and unemployment benefit. These would provide bare subsistence and would be paid to every-

one, unlike pre-war benefits which were subject to the hated means test. Those not covered by the national insurance system could receive national assistance as a safety net.

These recommendations alone required a sharp rise in spending, sweeping away the existing provision by friendly societies and the insurance companies. But the plan also vastly increased the power of the state, which for the first time would assume responsibility for the relief of poverty. Since the Elizabethan Poor Law of 1601, this had been the job of local authorities.

The report's revolutionary heart lay, however, in three explicit assumptions set out by the author. The abolition of want, squalor and the other three giants could be achieved only if family allowances were paid for each child; a free health service were made available

to all; and the post-war government would guarantee full employment. The Treasury, as guardian of the public purse was almost bound to fight the plans. In an effort to deflect this opposition, Beveridge discussed early drafts of his report with Maynard Keynes, who was then an economic adviser in the Treasury. Keynes was sympathetic and made several recommendations designed to minimise resistance by reducing costs in the early years.

Unfortunately for Beveridge, Keynes's optimism was counterbalanced by Treasury heavyweights such as Hubert Henderson, whose ability to foresee disaster was legendary. Treasury jeremiahs found a willing listener in Churchill, who was angered by Beveridge's press leaks. Churchill's colleagues in the war cabinet also found Beveridge's

Turn to Page VII

CONTENTS

Family finances: How to invest your savings for growth	III
How to Spend It: Crafty Christmas presents	IX
Sport: John Hopkins on the tottering rugby giants	XI
Travels: Far from the emperor: an exotic outpost of China	XVII
Books: FT reviewers pick their books of the year	XVIII
Private Views: The man who sold South Africans sinful luxury	XXII



Comforting winter fare: Philippa Davenport offers a recipe for a rich goose-neck pudding Page XII

Arts	XXIX & XXX
Books	XXVIII
Bridge & Chess	XXI
Crossword	XXI
Finance & the Family	IX-V
Food & Drink	XXI & XXII
Gardening	XXV
Horoscopes	XXV
Mind Your Own Business	VI
Motoring	XXV
Private View	XXII
Property	XXV
Sport	XXI
Stirling	XXI
Travel	XXII
Michael Thompson-Noel	XXII
TV & Radio	XXI

The Long View/Barry Riley

Playing the percentages



HAVING DEALT with inflation by means of a two-year cold shower in the European exchange rate mechanism the government now feels able to move on to tackle today's more pressing problems, like rising unemployment and lack of economic growth.

Unfortunately old habits – of which inflation is a persistent British one – die hard. Yet there is a surprising diversity of opinion over the seriousness of Britain's inflation after a substantial devaluation. Some economists are relaxed, seeing no dangers in the monetary statistics, and expecting inflation of no more than 1 to 3 per cent over the next year. Other pundits, however, see inflation (currently 3.6 per cent on the October reading) picking up next year to 5 or 6 per cent, where it would stay in 1994. This would, of course, be above the government's 1 to 4 per cent target range.

The Society of Business Economists seems to want it both ways, projecting this week that the Retail Price Index will rise by only 2 per cent in 1993 but by 5 per cent in 1994. As for the financial markets, the inflation rate implied by the gap between the yields on fixed interest and index-linked gilts is about 5 per cent, significantly higher than the 4 per cent just before Black Wednesday. As always, it depends on precisely what you mean by inflation. Recent falls in interest rates are serving to reduce the headline rate of inflation because of the impact of lower mortgage outgoings. By next spring, assuming a further one-point cut in bank base rates, the cost of money could be as much as 4½ percentage points less than a year earlier. That might not all be passed on to housebuyers, but the corresponding reduction in headline inflation might be as much as two full percentage points, before dwindling later in the year. But then interest rates might easily rise again, producing a sharp flip upwards in the headline rate. At least there will be no great new

push from pay inflation over the next year. It looks as though average earnings growth will subside from 6 to perhaps 5 per cent. This would still be a bafflingly high figure in any but a British context, considering the rate at which unemployment is rising. But given the fall in the number of jobs and the possibility of a modest recovery in gross domestic product the cost of labour per unit of output may rise only slightly.

However, pay has risen much too fast for several years now. Average pay has climbed by 7 per cent in real terms since 1988 although the British economy is not producing any more than it was then. No wonder that the economic numbers simply do not add up. There has to be a cut in real incomes which will come about through rises in prices and indirect taxes.

Already food prices are jumping because of adjustments to the green pound. One economist, Peter Warburton of Robert Fleming, has warned of the wider potential impact of January 1 price lists as all kinds of import price rises are pushed through. In September the main problem was the devaluation against European currencies but some of those are being forced down too; the problem has shifted to the dollar against which sterling has come down by a quarter since August and by nearly 30 per cent since the beginning of the year. This affects not just imports from the US but also a wide range of dollar-priced commodities and many manufactures from the Far East which have a dollar link. Import penetration is heading towards 30 per cent of the goods consumed in the UK, and the overall trade-weighted devaluation has been 15 per cent.

The monetarists tend to brush this aside. Monetary growth has slowed, to 5 per cent on the M4 basis. But it is not easy to assess what is a non-inflationary rate of monetary growth. In the late 1980s the M4 growth rate of 16 per cent or so only partly came through to inflation because of rapid economic growth

and a structural shift of savings into deposits (which were not really to be regarded as spending money). In the 1990s the shift is likely to be the other way, as savings are withdrawn and invested in assets outside the M4 definition, such as gilts or National Savings products. Given that economic growth is slightly negative at present you could argue that any M4 growth above zero could give warning of future inflation. Meanwhile the narrow money aggregates are beginning to accelerate.

For myself, I believe that imported price pressures will keep underlying inflation at 5 per cent next year, to which you can add at least a percentage point from the indirect tax rises which the government will be forced to implement next spring (there is already a warning of higher taxes on motorists to pay for the recent abolition of car tax). However, the mortgage interest effect might hold the headline rate at something near 4 per cent.

Beyond that, the risks multiply. Inflation is not going to get seriously out of control while the recession lasts, but what about the impact of a recovery?

Indeed, there is a chance that sterling will be forced much lower next year, certainly against the dollar, as the British government seeks to stimulate a sluggish growth rate. The 1993 balance of payments deficit, officially forecast at £15½bn and put by others at over £20bn (we would be living beyond our means to the tune of around £1,000 per family) could prove dangerous.

At this stage it is hard to see a way through the maze. If we are to find a non-inflationary route we will certainly need stronger institutions than we have now, and clearer guidelines than Norman Lamont's eclectic *po-pourri* of money growth ranges, inflation targets and house price indices.

In 1993 the inflation statistics may be more misleading than usual, and in 1994 they could produce some unpleasant surprises. We may wish we could find another cold shower.

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MARKETS

London Markets

A new flag is flying over the City

By Peter Martin, Financial Editor

THE Lutyens cupola on the Midland Bank building opposite the Bank of England carries a new, startling flag these days: the red and white triangles of Hongkong and Shanghai Banking Corporation. That symbolic presence in the heart of the City is reflected in the stock market. Silently, almost without anyone noticing, HSBC Holdings, the Hongkong Bank's parent, has become a powerful influence on the market's movements.

HSBC Holdings now makes up three per cent of the value of the FT-SE 100 index. Since its purchase of Midland Bank in July, when HSBC joined the index, its shares have more than doubled, pulling the index up with them. The sterling-dominated line of stock (there is also a line denominated in Hong Kong dollars) was selling at 23p earlier in the summer; it is now 52p, down from its high of 57p.

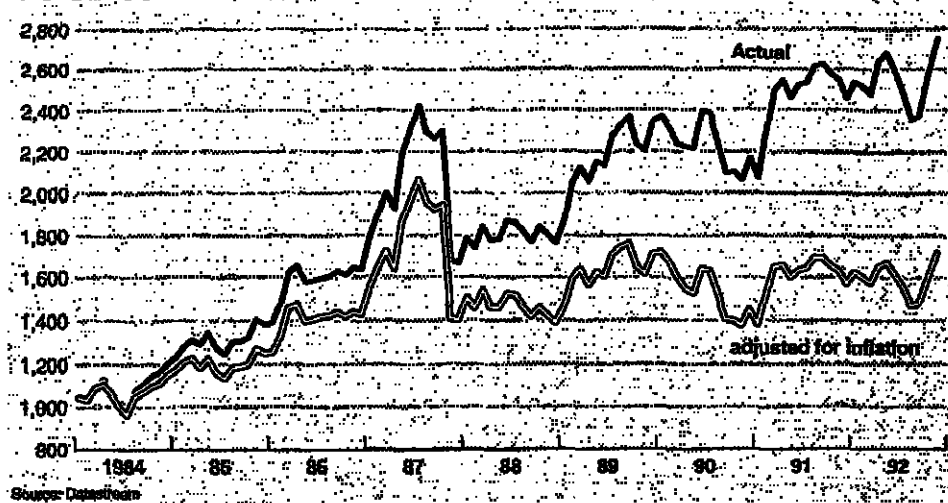
Why such a big rise? One analyst who follows the group

closely offers a number of reasons. "Very crudely," he says, "one third of the rise was due to the devaluation of sterling - HSBC is probably the largest dollar earner in the UK market. Another 20-30 per cent is due to the rise in the Hong Kong stock market."

A third element is a greater familiarity with the share among UK investors and analysts. "In the past, when nobody here knew much about it, there was an obvious reason: discount the growth. They now trust it more than they did, so that discount has dropped. And finally, the results in August were exceptionally good, and contrasted with yet another dismal set of earnings from UK banks."

The outlook for the stock hinges in part on political developments in Hong Kong - the shares have dropped back from their highs as a result of the row between Chris Patten, the colony's governor, and the government of China. But it is noticeable that the sterling line of stock, which originally

FT-SE 100 Index



traded at a 6-7 per cent discount to the Hong Kong dollar line, is now trading at a slight premium. Though the shares may still be under-represented in UK institutional portfolios, they are becoming a routine part of City life - just like the red-and-white flag.

HSBC stands out when you look at how the equity market has performed between May, when the FT-SE index marked a record close, and the fresh record set this week. On Friday, the index closed at 2,760.6, 28.2 points higher than the week before and 23.6 points above the record set on May.

Before turning to individual shares' performance, start by looking at the upper line in the chart. Since the index was launched, it has traced out - the collective frenzy of 1987 apart - a set of uneven oscillations around a strong central

trend. Each new leg of the market is greeted with great excitement from the equity-watchers; lines drawn on charts; predictions of glory and despair. And all for nothing, because the underlying trend is quite clear: averaged over the period, a steady 12 per cent a year growth in the values of the country's leading stocks.

There are two ways, however, in which that tidy pattern is misleading. One of them is shown in the lower chart, which tracks the index in real terms, adjusted for inflation. The underlying performance is halved, to a trend growth rate of six per cent. More important, the steady pattern disappears. Instead, the index traces out three stages: double-digit real growth from 1984 to 1986; a wild surge up and down in 1987; and sideways movement thereafter. In real terms, share prices have budgeted very little in the past seven years.

Second, the neat pattern traced by the index conceals much bigger swings by industry sectors and companies. Between May and Thursday of this week, the index was unchanged. But bank shares have risen 16 per cent; and telephone and electricity utilities 14 per cent. Just as important, contractors have dropped 40 per cent and aerospace companies 37 per cent. Even related businesses have performed quite differently: composite insurers rose 11½ per cent, but insurance brokers fell 28 per cent.

Within those industry sectors, performance has varied widely. That is where HSBC comes in, pushing the banks into first place. Otherwise only Lloyds Bank, up 17 per cent,

and National Westminster, with a rise of 7 per cent, can claim any glory. Bank of Scotland, Barclays, TSB and Royal Bank of Scotland all fell in value. (This week, interestingly, Barclays was a strong performer, closing up 17p at 37p - thanks to a sudden burst of unanimity among analysts who follow the stock that the dividend was safe.)

HSBC apart, none of the FT-SE gainers had a really outstanding performance over the period. But the real FT-SE basket cases would have lost you nearly half your money six months. BT has fallen 48 per cent since May; Anglo-Wiggins Appleton 46 per cent; and Rolls-Royce 45 per cent.

Such tales of woe apart, the market was driven on this week by one of its recurrent waves of optimism about the economic outlook. Leo Doyle, of Kleinwort Benson, drew attention to the fact that the volume of retail sales is back at record levels. (The shops only seem empty, he says, because there's Sunday opening and all that extra out-of-town space.) S.G. Warburg's economists listed nine separate pieces of positive news - though most of these were of the "things-aren't-actually-getting-worse" variety. Still, as they point out, BT reported a 1.2 per cent year-on-year increase in inland telephone calls during the three months to end-September, in place of an expected 1 per cent decline. We do not know, of course, how many of those callers were Access employees trying to speak to the chairman of the exchange about the little matter of an overdue account...

Serious Money

Odds in favour of fixed-rate offers

by Philip Coggan, Personal Finance Editor

NOW IS the time to get a fixed rate or capped mortgage while you can. Depending on the term, you can get a fixed rate mortgage charging anywhere between six and nine per cent. These represent very low rates by the standards of the past 20 years.

While Britain was in the exchange rate mechanism, one could have argued that the experience of the past 20 years was irrelevant; a new era of low inflation and low interest rates had dawned. But now Britain has left the ERM, it seems likely that the "good old days" of stop-go economics, higher inflation and volatile interest rates will be back.

In a sense, you are gambling whether you opt for a fixed or a variable rate mortgage; in the former case, you take the risk that interest rates might fall further; in the latter, you will lose out if rates subsequently rise. There is never a perfect answer, since no one can predict the future level of interest rates with any certainty. All homeowners can do is compare the potential downside with the upside.

It is hard to imagine, even on the most extreme assumptions, that UK mortgage rates could fall below five per cent. We can take that figure as the bottom of the potential range. For argument's sake, we could take the 15.4 per cent which most building societies were charging in 1980 as the highest level which rates might reach.

On that basis, current fixed rate offers are close to the bottom of the potential range. The most you might miss out on, if rates fall to historic lows, is two or three percentage points. But if one looks back to September 1990, Nationwide was offering a five-year fix at 12.9 per cent. That rate was a lot nearer the top of the "range" than the bottom, and thus the downside risk was greater than the upside potential. And the

bad news for those who opted for that deal is that there is a redemption penalty of six months' interest. So the odds are far more in favour of those opting for fixed rate mortgages now than they were in 1990, or earlier in 1992, when rates were still over 10 per cent.

But when you do opt for a mortgage, make sure that the lender does not tilt the odds too far in the opposite direction. Look at the arrangement fee; is it substantial and how many months of interest saving (compared with the current variable rate) does it represent? This is most important with very short term fixes.

A second factor is to check for the "extras" on which lenders frequently insist. Is the loan available on repayment or interest-only terms, or are endowment or pension policies required? And if the latter, can existing policies be used, or must the borrower take out a new plan?

Contents insurance via the lender is a condition of the loan and, if so, is the premium far in excess of that you would pay elsewhere? It is also important to discover whether the loan is "portable" - whether you can take it from house to house, if you need to move. And portability needs to be carefully defined; few people need a loan of exactly the same size when they move house. So what happens if the loan needs to be increased?

If there is no portability, check the redemption penalty carefully. A penalty of three or six months' interest could be very hefty if, for whatever reason, you need to stop the loan.

Then there is the status of the lender. The fixed term will eventually end, and then you will find yourself stuck with a variable rate. If you have chosen a high street name which is committed to the mortgage business for a long time, then you have a greater chance of

being offered a competitive deal at the end of the fix.

And finally, there is the term of the loan. Given that the odds are currently in the borrower's favour, the longer the term of the fix, the better. However, the rate for a longer term loan will be higher than those available short term.

So how do the current offers stand against these principles? Unfortunately, the Halifax's capped deal, which offered rates no higher than 9.29 per cent until the year 2000, has sold out. But the society is now offering a fixed rate of 8.65 per cent until January 31, 2000.

The application fee is a modest £175; the loan is available on repayment, as well as other types of mortgage; the lender is a well-known name; and the loan is portable (after 1994). If you move house and increase your loan, then the fixed element can remain; any excess will be charged at the standard variable rate. Should you stop the loan for any reason, the redemption penalty is three months' interest.

A lower rate deal, but for a shorter term, is on offer from Cheltenham & Gloucester - 7.99 per cent for five years. It is available on all types of mortgages, and no other policies are needed. The application fee is £250, and the mortgage is portable on the same basis as that from Halifax. Redemption penalty is six months' interest.

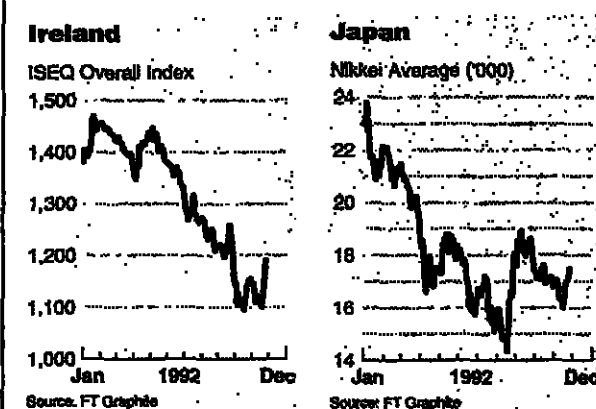
NatWest has a ten-year offer on the stocks, at 8.99 per cent, but this is only available on endowment and pension mortgages (although existing policies are acceptable). The arrangement fee is £250, but is waived for first-time buyers.

Many fixed rate deals are being snapped up within days of launch. Other deals are coming out all the time, so do not despair if you miss out on a particular offer. But do consider the option seriously; as Black Wednesday showed, you never know when the market might change for the worse.

HIGHLIGHTS OF THE WEEK

	Price	Change	1992	1992	
	Ytd	on week	High	Low	
FT-SE 100 Index	2760.1	+27.7	2760.1	2281.0	Better US economic data
FT-SE Mid 250 Index	2627.6	+4.2	2625.8	2157.8	Attention returns to the blue chips
BET	86	-26.2	208	83	Dividend worries
BPS Inds	172	-17	196	123	Cuts interim dividend
Bass	588	+23	655	472	Switching from Whitbread
Cable & Wireless	670	+23	688	489	UK & US institutional meetings
Euro Disney	788	-45	1653	705	Paribas "sell"
Glaxo	792	-32	943	632	European patent problems
Grand Metropolitan	447	+33	518	360	Gilt agreement relief
ICI	981	-43	1410	875	Demerger valuation concern
Pegasus	100	-25	190	85	Company warns of losses
Redland	340	-33	565	300	Concern over European economies
Savoy A	588	+143	645	420	Hopes of renewed Fortis bid
Thorn EMI	833	+53	888	633	Strong interim results
TiPhook	269	+30	476	214	Recovery / US buying

AT A GLANCE



Irish investors do well out of poll turmoil

Irish investors have done very well out of the nation's turmoil of the last few weeks. While the country went to the polls, foreign exchange dealers decided that the punt was overvalued, forcing short-term interest rates to apparently unsustainable levels.

All that uncertainty might have been expected to hit shares. But instead, the market rallied by 8.88 per cent in a week after a very poor year. Dealers wanted a devaluation, assumed it would take place, and priced stocks accordingly. Remember on Black Wednesday, just before the UK left the exchange rate mechanism when base rates hit 15 per cent, the FT-SE actually rose by 8.3 points.

Tokyo stock market rises

Sentiment that the Japanese government will embark on a programme of fiscal expansion next year has helped push the Tokyo stock market into its most prolonged run of price rises since February last year. This was not difficult, as the index fell steeply during the first few months of 1992.

Sentiment persists among foreign investors that the market is overvalued. The Nikkei index hit a new year high of 14,300 in August, and on Friday stood at 17,470.81. However, this is still below the year's high (in September) of 18,908.

Trust to track smaller companies

Hoare Govett has launched an investment trust which will track its extended smaller companies index. A total of 50m shares at 100p each is available via a combined offer for subscription and placing. The new trust will own stakes in more than 200 companies, with no individual stock likely to comprise more than two per cent of its portfolio. This week, the Hoare Govett index (capital gains version) rose by 0.5 per cent to 1,109.8 over the seven days to November 26; the County index rose by 0.3 per cent to 857.82 over the same period.

Unit trusts reach £59.4bn

The value of unit trusts under management reached £59.4bn at the end of October, the second highest figure ever. The number of unit trusts also reached a high of 1,439, reflecting a wave of recent launches. There was particular enthusiasm for international fixed-interest trusts and money market funds, which attracted a net £34m and £24m respectively. But the main impetus for the growth was the rise in share prices over the month.

New retirement guide

A new edition of the Good Retirement Guide has just been published. It includes chapters on financial planning, pensions, healthcare and investment options. It also covers hobbies, how to start a business and how to look for paid or voluntary work. The Good Retirement Guide, Rosemary Brown, (Kogan Page, £13.99, 488 pages).

Sun Life's long-term care plan

Sun Life has made a series of changes to its whole-of-life plan which could allow it to be used to pay for long-term care bills. The policy will now pay out if the insured person "loses their independent existence", so extra money could be provided for those with a long old age, before they die.

Wall Street

Recovery? It's enough to make Bush burn

GEORGE Bush is probably still gagging on his turkey and trimmings. While the rest of the country celebrated Thanksgiving this week, the outgoing president must have felt there was precious little for which to give thanks on Thursday, the most popular holiday in the American calendar.

Less than a month after his election defeat, the economic recovery that Bush trumpeted repeatedly throughout his campaign - the economic recovery that no one else believed existed - looks to be picking up a nice head of steam, and the stock market is sitting up and taking notice.

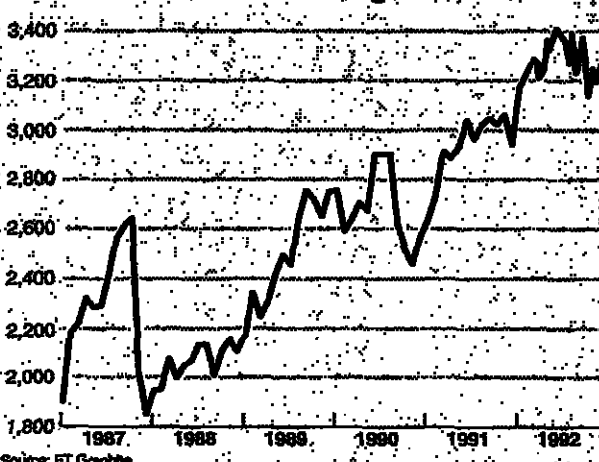
We have been through this before, most recently in the spring and early summer of 1991 when economic activity gathered pace in the immediate aftermath of the Gulf war, only to drop back into a swamp of stagnation a few months later. Two new factors, however, make the recent bullish economic data convincing. First, there is plenty of it enough, at least, to suggest a sustainable trend is developing. Second, many of the num-

bers date back to a period before November, so a good deal of the improvements in business activity cannot be put down to a giddy post-election euphoria of the kind that created a false economic dawn in the UK.

Equity investors certainly seem convinced that something genuine is afoot this time. Blue chips have done well in the past 10 days. The Dow Jones index is up more than 100 points in the past week and a half; by mid-morning yesterday, it looked as if it might break the 3,300 mark for the first time since mid-September. It is the broader market, however, that has really caught fire. The Standard & Poor's 500 index is trading at an all-time high of just over 430, while the Nasdaq composite index is also in virgin territory. Yesterday morning, it was at 649.95 and rising to a new record.

These gains have not been achieved in a thin market, however, that has really caught fire. The Standard & Poor's 500 index is trading at an all-time high of just over 430, while the Nasdaq composite index is also in virgin territory. Yesterday morning, it was at 649.95 and rising to a new record.

Dow Jones Industrial Average



240m-250m range on several occasions, even topping 280m on one day.

Investor demand for equities is picking up because market conditions must look particularly appealing at the moment. The economy is growing at a solid pace, interest rates remain low, and inflation still appears subdued. There is also a plentiful supply of new cash - low interest rates mean that

individuals are continuing to move out of poor-yielding short-term assets and into equities - and the IPO (initial public offerings) market has once again burst into life to mop up some of that new money.

It is the economic numbers, though, that have generated the most enthusiasm. On Tuesday, the news came out that durable goods orders had risen

by 3.9 per cent in October, a much bigger increase than analysts had anticipated. Although the goods orders are notoriously volatile, and the latest data was affected by unsustainably high transport and defence orders, there were promising signs of life in electronic and electrical equipment and unfilled non-defence orders.

On the same day, the Conference Board announced that its index of consumer confidence had soared nearly 11 points to 65.5 in November, reinforcing the growing perception that consumers are beginning to feel appreciably more positive about their earnings and spending prospects. With the all-important Christmas shopping season already beginning, this is especially good news for the retail sector.

The biggest statistic of the week was the newly-revised third quarter gross domestic product figure. When the original estimate of a 2.7 per cent increase in GDP was reported just before the election, many Wall Street sages voiced doubts about the veracity of the data, arguing that the numbers had been massaged

to cast a more positive political light on economic conditions. In the event, the doubting analysts were right that the figures were off-track. But they proved to have underestimated the extent of economic growth. According to the new data, GDP grew by a handsome 3.9 per cent in the July-to-September period.

The news must have made sad reading in the White House, where Bush's chief spokesman said valiantly that the "Bush recovery" was under way. But for President-elect Clinton, the growing economy is a double-edged sword.

It might make his job easier next year, but delivering the substantial fiscal-stimulus package he promised voters during the campaign becomes a riskier proposition. The last thing the US and its markets need next year, and in 1994, is an overheated economy.

Patrick Harverson

Monday	3232.04	- 4.32
Tuesday	3248.7	+ 25.66
Wednesday	3266.36	+ 17.66
Thursday		

The Bottom Line

The sweet side of Tate's investment

THE Biblical tag that appears on Lyle's Golden Syrup this "out of the strong came forth sweetness" might be reversed when applied to Tate & Lyle itself. Out of the sweet came forth strength could be its motto.

In spite of a disastrous year in a couple of its main activities, the company increased its dividend by 7 per cent to 12p. This show of confidence by the directors should indicate to investors that the sugar and sweeteners group will endeavour to increase its payout come what may.

That will mean that in the good years dividend increases may not match rises in earnings per share. But a smooth dividend progression makes up for a lot from a company subject to the vagaries of the weather as well as business cycles.

That said, the fall in profits for the year to September 30 from £230.8m to £189.5m, reported this week, was the first drop in 14 years. The wide range of countries in which Tate operates protects it from most of the swings.

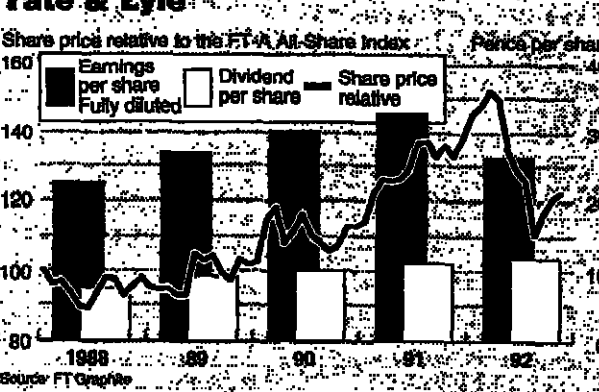
But in the past year Tate's Staley business in the US, which makes high-fructose corn syrup, a sweetener used in soft drinks, was faced with an unusually adverse combination of events.

New capacity brought on stream by others made the market for HFCS particularly competitive just when the US was suffering the second coldest summer weather this century, dampening demand for soft drinks.

Lower volumes and lower prices have a powerful effect on profits in such a high fixed cost business.

Profits from Staley dropped

Tate & Lyle



by more than £20m to £55.3m before interest. Market circumstances cannot have been entirely to blame. Tate has appointed a new chief executive in the division with experience in the corn milling industry. The group appears confident

that volumes will recover filling surplus capacity in the industry and helping prices.

The other problem area was US sugar beet processing, and profits in the US sugar division were down nearly £20m despite a good performance by the cane sugar side. Again the

weather was to blame. Beets, dug up and stored in the fields awaiting processing first froze and then thawed unseasonably, making them hard to process.

In spite of these reverses, and a number of one-off costs relating to redundancies and write-downs, the group was still able to cover an increased dividend more than twice. And it continued to invest at a high level, despite gearing of 89 per cent. While this level of borrowings would be a concern in many companies, Tate's strong cash generation should prevent it from becoming a problem.

Tate's investment should turn it into a worldwide player in the sugar and sweeteners industry. Long established in the UK, and for some time in North America, Tate moved into Australia in 1981, and is expanding in Eastern Europe. While sugar might be

regarded as a mature, commodity-type business in the developed world, consumption in places such as Russia is much lower than in the decadent west. Neil Shaw, Tate's chairman, is fond of remarking that the growth in the world sugar market is equivalent to a new market the size of the UK opening every year. This gives Tate opportunities to expand.

Decent returns from these businesses are likely to be some years on. Meanwhile, a full recovery in earnings is expected in the current year. The shares have risen 34p since the results were announced on Wednesday, closing yesterday at 390p. A rebound to 35p of earnings gives a prospective p/e of under 12, which is still on the cheap side.

Maggie Urry

FINANCE AND THE FAMILY

For those with £50,000 to spare . . .

Five financial advisers explain to Philip Coggan how they would spread their investment portfolios to maximise capital growth

CAPITAL growth, rather than income, is normally the goal for savers who are working. This is especially the case as few people use up their annual capital gains tax (CGT) allowance (£3,500 in 1992-93) but most income-producing investments incur an immediate income tax liability.

So, the *Weekend FT* asked a group of financial advisers to recommend a portfolio of £50,000 for an investor seeking capital growth. For simplicity, it was assumed that the investor was a single person paying top rate tax.

Investors should remember that, with some of the policies recommended, commissions and other initial charges will take a chunk out of their capital. But four of the five advisers have recommended index-linked National Savings (NS) and tax-exempt special savings accounts (Tessas), where there are no additional charges, while the costs involved in buying index-linked gilts through the post office are relatively low.

Unit trusts and single premium bonds will incur bid-offer spreads of 5-8 per cent, however, and investment trust dealing will also involve stamp duty, brokers' commission (in some cases), and a bid-offer spread (which will vary with the liquidity of the trust).

The costs mean these portfolios should be considered only for long term investment. Note also that the advisers recommend a broad spread of investments with exposure to bonds, equities, tax-efficient products and a measure of inflation protection.

DAVID HARRIS, of Chantrey Financial Services in London, says: "I believe that economic uncertainty in the UK, and turmoil in the exchange rate

mechanism, makes it paramount for investors seeking capital growth to retain a prudently balanced portfolio, seeking to protect them from fluctuations within equity, cash or fixed interest markets." He includes both index-linked gilts and NS and stresses: "Individuals must recognise the threat of inflationary trends, even though predictions are for lower inflation rates in the foreseeable future."

In the equity field, Harris says: "My selection of Newton for the Pep (personal equity plan) investment is based on the fine historic record of the Newton Income fund. Both the Mercury and Schroder selections reflect broadly based, conservatively managed UK portfolios. The Fidelity Special Situations trust has had a poor record during the recession, but is the type of trust that is ideally placed to benefit from an upturn in the UK economy."

Harris also includes the Fleming Far Eastern investment trust which "should offer individuals good long term performance prospects from the wide range of economies available in this geographical sector."

He adds: "The Baring and Kleinwort Benson fixed income funds provide a sensible balance to this equity exposure."

His recommendations are:
 ■ 6th issue of index-linked NS certificates. Amount £5,000.
 ■ Treasury 2.5 per cent index-linked gilt 2003. Amount £5,000.
 ■ Tessa account. £3,000.
 ■ Personal equity plan in Newton Income unit trust. Amount £5,000.
 ■ Baring's offshore International Bond fund. Amount £5,000.
 ■ Kleinwort Benson's offshore gilt fund. Amount £5,000.
 ■ Schroder's UK equity unit trust. Amount £5,000.
 ■ Mercury's British Blue Chip unit trust. Amount £5,000.



■ Fleming Far East investment trust. Amount £5,000.
 ■ Fidelity Special Situations unit trust. Amount £5,000.

RICHARD ALLEN, of Willis Corroon Financial Planning, says: "Advantage should be taken of most of the tax-exempt investments appropriate to a higher rate taxpayer, with the final portfolio consisting of approximately 50 per cent in equities and 50 per cent in secure or balanced investments."

He first chooses a £3,000 Tessa investment with the Leeds Permanent, which pays 7.5 per cent tax-free, and adds the 6th issue of index-linked NS, which will pay 3.35 per

cent above inflation tax-free if held for five years. Allen would then split £16,000 between three single premium investment bonds - a with-profits bond from Prudential Holborn, and unit-linked bonds from Sun Life and Standard Life. He says income could be accumulated but withdrawals could be taken later.

He also suggests investing £2,500 (allowing for charges) in a Pep with TR City of London investment trust, and a similar sum in a Clerical Medical High Income Pep, when the new tax year starts in April. Extra equity exposure would be gained through the Foreign & Colonial investment trust and Framlington's Recovery unit trust, re-investing income in all cases.

Allen adds a £5,000 holding in Whittingdale's Short Dated Gilt fund, pointing out: "Assuming interest rates continue to fall, the value of this fund should increase. But it should be encashed in about two years' time to fund a Newton Income Pep for the 1994-95 tax year. Finally, Allen is left with £2,000, which could be invested in premium bonds "or into a case of Chateau Mouton Rothschild which, if it fails to appreciate, could be appreciated at a retirement party."

His selections:
 ■ Tessa with the Leeds Permanent. Amount £3,000.
 ■ 6th issue of index-linked NS. Amount £5,000.
 ■ Whittingdale Short Dated Gilt fund. Amount £5,000.
 ■ Prudential Holborn with-

profit investment bond. Amount £5,000.

■ Sun Life Deferred Distribution bond. Amount £5,000.
 ■ Standard Life Managed bond. Amount £5,000.
 ■ TR City of London investment trust. Amount £2,500.
 ■ Clerical Medical's Equity High Income Pep. Amount £2,500.
 ■ Foreign & Colonial investment trust. Amount £4,000.
 ■ Framlington Recovery unit trust. Amount £4,000.
 ■ Premium bond (Chateau Mouton Rothschild). Amount £500.

CLIVE SCOTT-HOPKINS, of the Windsor-based Towry Law, has chosen a portfolio with a strong equity bias. "With interest rates on the decline worldwide, there are growth opportunities in world equity markets - especially the UK, US and Far East, with Europe and Japan likely to pick up later in 1993 - that we have not seen since the crash of 1987."

Scott-Hopkins chooses Perpetual's Growth & Income unit trust in a Pep. He says the international fund has been "second in its sector since its launch in 1988. Its assets are 50 per cent in the UK/Europe and 50 per cent in the US/Far East." He adds a single company Pep run by Kleinwort Benson.

For investment and unit trusts, Scott-Hopkins puts half the portfolio in his own company's discretionary service, managed by Mercury Asset Management. He adds a £5,000 investment in Exeter's zero preference unit trust which, he says, is "the only authorised

unit trust specialising in the management of zeros, with average redemption yields of 9 per cent and greater immediate growth as interest rates fall further."

Finally, Scott-Hopkins recommends putting £10,000 in a bank-backed business expansion scheme (BES). He says there are a number in the pipeline, with banks providing a contractual exit route in five years and a six month loan-back option. (Note that the latter is not available for basic rate taxpayers).

His recommendations are:
 ■ Personal equity plan. Perpetual's Growth and Income fund. Amount £5,000.
 ■ Single company Pep. Kleinwort Benson's managed plan, present choice Cable & Wireless. Amount £5,000.
 ■ Towry Law's investment and unit trust discretionary service. Amount £25,000.
 ■ Exeter Zero Preference unit trust. Amount £5,000.
 ■ A bank-backed BES. Amount £10,000.

JAMES HIGGINS, of London-based advisers Chamberlain de Broe, says it is pointless trying to distinguish over the long-term between pensions and investment.

If the individual's pension needs are not met fully, he feels the maximum possible investment should be held in this area. Otherwise, Higgins suggests a portfolio designed for medium term growth and tax efficiency.

First, he proposes a single company Pep, with a high yielding utility such as Bristol Water. He then adds a general Pep using the income shares of split capital investment trusts. "As well as generating a high yield, they can offer the prospect of capital growth," says Higgins. "For example, Jove and River Plate both offer yields of over 12 per cent. As interest rates fall, there is some scope for the price of these shares to rise."

Another class of split trust shares favoured by Higgins is the zero preference. "For reasons of security, we like the fully covered shares which offer a fixed redemption price at a given date," he says. "Compared with deposit rates, these returns are very attractive indeed. For example, TR Technology offers a gross redemption yield of over 8.5 per cent, a return which will be classed as capital gain for tax purposes."

Higgins puts £14,300 in zeros and £1,800 into a Tessa on the ground that many investors will be past their first year of contributions by now. He adds index-linked NS and a "cash-back" BES, covering a further £15,000.

Finally, he puts a further £10,000 in a managed currency

fund, saying: "While there is blood being spilled in the currency markets, these funds have the opportunity to make money - much more so than in relatively stable times. We particularly like the Hambros EMMA Managed fund because that covers bonds as well as currencies."

His recommendations are:
 ■ General Pep in income shares of split level investment trusts, for example Jove and River Plate. Amount £8,000.
 ■ Single company Pep in Bristol Water. Amount £3,000.
 ■ Zero coupon shares of split level investment trusts - for example, TR Technology. Amount £14,300.
 ■ 6th issue of index-linked NS certificates. Amount £5,000.
 ■ A cash-back BES. Amount £10,000.
 ■ Managed currency fund. Amount £10,000.
 ■ Tessa. Second year instalment. Amount £1,800.

JOHN COLE, of London-based adviser Berry, Birch and Noble, says: "A balance needs to be struck between what we believe are opportunities for above-average returns in equity-related areas and the need to maintain an investment spread which includes more secure areas of growth. There is a danger of inflationary pressures growing in the economy."

Cole chooses the 6th issue of index-linked NS certificates, plus a further £6,000 in an index-linked gilt, and adds: "Although relatively small, a Tessa is worth including. We would also like to set aside £10,000 of capital for investment in a BES - in particular, a scheme with an assured exit route. The tax relief of £4,000, which would come back next year, would be used to fund part of 1993-94's Pep entitlement."

As a Pep, Cole chooses the Murray Income trust which, he says, has a "reasonable yield." Finally: "We would like to see more geographical spread into international sectors and, in the circumstances, would recommend NM's discretionary Unit Trust Portfolio Management Service."

"Their capital growth portfolio allows unit trust selections to be made from the market place without restriction and, most importantly, is a fee-based service."

His suggestions are:
 ■ 6th issue index-linked NS certificates. Amount £5,000.
 ■ Treasury 2 per cent index-linked 2006. Amount £6,000.
 ■ BES. Amount £10,000.
 ■ Tessa from Leeds & Holbeck. Amount £3,000.
 ■ Murray Income trust Pep. Amount £6,000.
 ■ NM Unit Trust Portfolio Management Service. Amount £20,000.

Bonuses feel the squeeze again

WITH-PROFITS bonuses are on their way down again, arousing anger from policyholders. Normally, bonuses and pay-outs rise steadily and nobody pays much attention to the complicated way they are worked out, or the massive discretion left to actuaries. But investment returns have been so bad over the past few years that final pay-outs are sliding, revealing the creakings of the life office system.

The system is based on two types of bonus: reversionary, which are declared each year and, once announced, cannot be taken away; and terminal, which are added once the policy has matured.

Reversionary bonuses have an element of security because they are backed by gilts or other fixed interest investments. Using terminal bonuses permits more flexibility to profit in the long term from equities. The system also allows the peaks and troughs of the market to be smoothed out.

Unfortunately, the drop in markets in 1990 was not followed by reductions in bonus because companies continued to anticipate a recovery that never arrived. That bad year must soon be reflected in pay-outs to investors.

Terminal bonuses can easily be altered, making final pay-outs volatile. And reversionary bonuses can be an awkward drag on a company's reserves when times are hard. So, both are under pressure.

Drop in with-profits pay-outs angers policyholders, reports John Authers

Scottish Equitable announced this week that it will cut its terminal and interim reversionary bonuses from December 1. The general effect is to reduce the cash amounts paid to policyholders on maturity by around 5 per cent, with cuts being greater for short-term policies. The company will not be writing to individual policyholders, however.

Marketing director Bill Stewart denied the move was needed to shore up reserves, and said: "The rates of return available on investments worldwide are such that it doesn't matter how good you are at investment - it just hasn't been possible over the past three years to earn returns to maintain bonuses at current levels."

Beale Dobie, which makes a market in endowment policies by buying them from investors who need cash and then selling them, has decided to cut its prices on the assumption that there will be a 10 per cent reduction in all reversionary bonus rates as well as terminal bonus rates on policies with an original term of 18 years or less.

Beale Dobie expects terminal bonuses to fall by only 5 per cent for longer-term policies of 18 years or more because the bad stock market returns since Black Monday in October 1987 have had a proportionately greater effect on shorter policies.

This makes policies cheaper by about 3 or 4 per cent. The company admits that the assumptions are crude but believes them to be realistic.

A change in the assumptions used by secondhand policy marketmakers seems overdue. One *Weekend FT* reader, Benjamin Lemer, was angry to discover that the pay-out on a Scottish Amicable policy he had bought, which matured in October this year, was £14,457.50.

When he bought the policy secondhand, it had been calculated that it would make £15,318.53 if bonus rates were maintained. He then discovered that terminal bonuses had been cut on September 1.

Lemer complained that policyholders were entitled to full information and that Scottish Amicable was "attempting to hoodwink them into believing your performance is better than it is."

Scottish Amicable responded by providing a list of the 16 times it has altered its terminal bonus over the past 10 years (none of which was announced generally to policyholders) and made clear that "the rate of terminal bonus can be altered or suspended at any time whatsoever."

The company claimed it would be "totally inappropriate" to make announcements of all terminal bonus changes because it "would not wish to

build up anticipation of the amount of the terminal bonus in the minds of individual policyholders."

Maurice Paterson, of Scottish Amicable, said that any projection of the maturity value provided by the office itself would have been conservative, and added: "I suspect the secondhand price might have been less if our more conservative quote had gone out."

Another reader, S.J. Martin, noticed in his statement from Pearl Assurance that his terminal bonus had been reduced from £9,892.25 for 1990 to £8,742.17 for 1991, meaning that the on-going value had dropped.

In response to his complaint that his "with-profits" policy had made "no profits" for 1991, Pearl made a telling response: "You have not lost any money as the terminal bonus was not guaranteed and would only have been applicable if the policy had become a claim in that year."

Terminal bonuses are fragile things, and investment returns on with-profits policies are much more variable than many people realise. But it is important to remember that life insurers are acting prudently and taking steps which are, ultimately, in the interests of policyholders.

What the present difficulties do suggest, however, is that the public does not understand the policies they are sold. The case for providing investors with much more information when they buy looks even stronger.

Lords rebuff taxman

Right to perks is upheld, reports Andrew Jack

THE FUTURE of employee benefits was put on firmer ground this week because of a landmark ruling by the law lords. But it has come only at considerable cost: the need to take politicians more seriously.

The case of Pepper vs Hart, which was settled in a lengthy statement on Thursday from seven law lords instead of the normal five, has safeguarded many employee benefits from additional tax in the short term.

At stake was whether 10 masters from Malvern school should be assessed for tax on the difference between the reduced fees they paid for their own children and the average cost per pupil of attending the school.

The teachers - led by John Hart, a senior master - argued that they should have been assessed merely on any difference between the reduced fees and the marginal cost of the fees - covering expenses such as books, food and laundry.

The Inland Revenue had been arguing with the teachers since 1983 that the benchmark should be the average cost. Had it won, the implications

would have stretched far beyond Malvern. Perks provided by thousands of other companies to their employees - particularly in London - would also have been affected. That would have included staff receiving subsidised travel or cheap food, using a company's sports facilities or club memberships, or buying goods from their employer at a

'Remarkable break with tradition'

discount if they worked for a manufacturer.

The final House of Lords appeal has determined that the teachers' use of marginal cost should be upheld. That has caused considerable relief from tax experts and companies around the country. Many employers were delaying restructuring their benefit programmes as they awaited the outcome.

Some had threatened to simply scrap the perks on offer to staff rather than change them if the ruling found in favour of

the Revenue. Others which have followed the Revenue's guidance already and structured benefits around average cost, will have to re-think their position. Some which use marginal cost - but where this cost exceeds average cost - will also be affected adversely.

More fundamentally, there is still the risk that the Revenue price might have been less if our more conservative quote had gone out.

Strict interpretation of the letter of the law in the 1976 Finance Act meant that Pepper vs Hart almost certainly would have been settled in the Revenue's favour. But in a remarkable break with tradition - with potentially huge constitutional implications - the law lords agreed to go beyond the strict letter of the law.

They considered the intention of ministers when debating the bill before it was converted into legislation. Whatever the future changes in tax on benefits, ministers' speeches will have gained a new prominence.

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FINANCE AND THE FAMILY

Shift in pension tax incentives planned

THE Department of Social Security has let it be known that it is studying how to shift its system of tax incentives for personal pensions to give greater benefits to older people at the expense of younger ones.

For the personal pension policyholder, this could be the best news for some time. Depending on how tax rebates are restructured, it could offer large tax incentives to those in their 50s earning high salaries. However, it will mean that people in their early 20s will no longer be offered the generous tax incentives which have encouraged millions to sign up for personal pensions.

The debate over whether the government should maintain its system of flat tax rebates or stagger them according to age is a complex one. Initially, the government chose flat rate rebates for two reasons: administering staggered rebates would be difficult; and the life insurance industry believed

that unless young people were offered big inducements, they would not buy pensions at all. From the government's point of view, the question is how tax incentives can best be structured to encourage people to choose personal pensions over those provided by the state. Evidence suggests that the current structure does not do so. The National Audit Office in 1991 estimated that the tax rebates offered to personal pension holders between 1988 and 1993 will cost £5.9bn more than they will save.

Under the current system of flat-rate rebates, all working people are offered the same tax rebate to opt out of the State Earnings Related Pension Scheme. This has proved a big advantage for young people because the amount of rebate available allows them to buy a far larger pension with their contribution than they will get by contributing the same amount into Serps.

However, as people age, larger contributions are theo-



Peter Lilley

retically needed to purchase a pension of the same size. Thus, the tax rebate is of little value to people in middle age and it is in their interest to opt back into Serps. The effect of this tax structure is that large amounts of revenue are spent encouraging people to buy personal pensions with only very small ensuing reductions in

payouts by Serps.

"Only by moving to a system of age-related rebates can the government bail itself out of its embarrassment," said Ron Spill, head of pensions at Legal and General, a big seller of personal pensions.

Actuaries differ as to when it becomes unattractive to remain contracted out of Serps. But at the current level of rebate of 5.8 per cent of tax on the upper band of average earnings, most actuaries believe that men in their late 40s and women in their early 40s would be better off contracting back into Serps.

On Monday, Peter Lilley the Social Security Secretary, is to lay a bill before Parliament reducing the tax rebate to 4.8 per cent with a one per cent additional rebate for those over 30. This is expected to cost £165m in tax rebates in the 1994-95 year but will save an estimated £200m in Serps expenditure by keeping individuals out of the system. Spill estimates that without that

rebate, 1m to 1.4m of the 4.7m personal pension holders in Britain would have had to opt back into Serps.

Figures from the government actuary's department show that unless there is a shift to age-related rebates, the flat-rate rebate will reduce sharply into the next century. This is because the government has to set the rebate high enough to encourage older people already in Serps to opt out of it. But as those people retire, the need to maintain rebates at that high level eases and by 2015, the rebate need be no more than 3.5 per cent.

The department estimates that a 8.5 per cent tax rebate means that contracting out will be attractive for men only into their early 30s and for women in their late 20s. "Women after a spell would just have to stay in Serps. It would not be worth it to contract out at all," Spill said.

If the current system remained, many people would return to Serps and no net

savings would ensue.

However, the government has said that it is considering a system of age-related rebates from April 1996. In addition, the government is considering whether to offer the rebates simply to personal pension holders or to members of other pension schemes such as occupational plans.

Actuaries believe that because of the complexities of staggering rebates through the average 40-year working career, it is most likely that the Department of Social Security will devise a series of "hands".

As people age and move into upper bands, they will become entitled to larger and larger tax rebates. Legal and General estimates that if the state pension age is equalised at 65, the rebate for teenage personal pension holders could be as low as two per cent rising to 11 per cent for those reaching 60.

Norma Cohen

Directors' Transactions

THE HUGE sale in Betterware dominates the week. With the bulk of the shares retained by the founding Cohen family, this disposal of 1.25m was executed by a trust of which the children of managing director Andrew Cohen are beneficiaries.

The trustees are not members of the family and the sale was made to diversify the portfolio. Betterware interim results were far in excess of brokers' expectations.

Shares in Etam, the high street clothing retailer, have outperformed the market over the past 12 months. Rodney East, the group managing

director, has sold 120,000 at 240p, thereby reducing his stake to 880,000.

Following on from last week's reported sale in Photo-Me International, Serge Crasnianski, of Imaging Systems, has sold a further 325,000 shares at just over 300p.

Peter Stormonth Darling has sold 33,553 shares in Warburg at 482p.

Stormonth Darling has just been succeeded by Hugh Stevenson as chairman of Mercury Asset Management, the fund management arm of Warburg.

Angus MacDonald, Directors Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead Vickers	Med	14,000	52	1
Betterware	Stor	1,250,000	2,062	1
City Centre Retail	H&L	312,000	217	1
Etam	Stor	124,381	298	2
Herring, Baker, Ha	Prop	58,021	73	1
MacFarlane Group	Pack	100,000	210	1
Marks and Spencer	Stor	131,426	422	1
Photo-Me Int	Misc	325,000	996	1
Staveley Industries	Chem	22,084	45	1
Warburg (SG)	Merc	33,553	183	1
PURCHASES				
Ass Brit Consultants	Misc	148,066	39	1
Beattie (James) "A"	Stor	10,000	12	1
STR (Nydel)	Chem	10,000	A232	1
Capital Gearing	n/a	10,000	32	1
Greggs	FdRe	2,700	10	1
HTV	Med	100,000	17	1
Merivale Moore	Prop	200,000	10	1
Mirror Group	Med	50,000	36	1
Pegasus	Med	50,000	60	1
Relyon	Misc	15,000	18	1
Wholesale Filings	Eins	35,000	59	1
Willis Group	BusE	200,000	22	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if) 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 16-20 November 1992.

Source: Directors Ltd, Edinburgh

SEVERAL institutions have recently launched fixed interest rate bonds, which allow those who want to keep their money in the building society a way of obtaining a guaranteed rate for a given period.

Portman Building Society is offering a fixed-rate bond paying eight per cent gross for one year. The minimum investment is £500, the maximum £10,000. Portman claims a deposit of £10,000 or more would be needed to obtain a higher fixed rate at the top 20 building societies. Withdrawals are not allowed and the bond is available until Tuesday, November 30 only.

Abbey National has also launched a fixed-rate bond this week, paying 6.7 per cent gross until December 1, 1994 for deposits over £10,000. Withdrawals are not allowed before

Bonds bonus for savers

maturity, with early closure subject to 180 days' loss of interest. Given the high penalty and the relatively unattractive fixed rate, the bond may not have wide appeal.

Two issues are hybrids, giving some element of guarantee, diluted with a variable component. Skipton Building Society has launched the third issue of its Imperial Bond, which is paying 8.5 per cent gross (6.38 per cent net) fixed for seven months until June 30, 1993.

After this period, the rate until maturity on May 5, 1995 is guaranteed to be at least 1.5

per cent higher than the gross variable rate paid on the £5,000 band of Skipton's Sovereign Shares Account. The rate on this account at the moment is 5.5 per cent gross.

Withdrawals are allowed after the first 30 days and, although notice is not required, they will be subject to 30 days' loss of interest.

Skipton Financial Services, a subsidiary of the building society, launched the second issue of its Deposit Bond with Provident Capital this week. This is a single-premium investment bond and is of little use to non-

Income generators

THOSE who want to build a high income might find the temporary annuity a valuable tool writes John Authors.

Temporary annuities, offered by life insurance companies, take a capital sum and, in return, guarantee fixed income payments for a fixed period. This income is high, as your capital, as well as interest earned by the life company, is repaid over the period. If you die before the term is completed the life company keeps the rest of the money.

This is not generally a deal worth much consideration in its own right. But a temporary annuity can be useful when combined with another investment aimed at capital growth. Such annuities are sold as part of easy-payment packages for

school fees and residential care bills, but can be used in any package aimed at securing long-term growth while maintaining a regular income.

The income is secure and known in advance, and so is the term. A typical "back-to-back" scheme would put a chunk of money into a temporary annuity, and then put the remainder into a growth investment - typically a Personal Equity Plan (PEP), with profits bond or Business Expansion Scheme company.

Mark Bolland, of Chamberlain De Broe, says there can be big tax advantages, because annuity income is taxed on the assumption that most of it is return of capital. Combine this with a tax-efficient growth investment and your tax bill has been cut.

What rates can you earn from a temporary annuity? Rates will improve slightly as you grow older, and you can also choose between level annuities or escalating contracts, where the income rises by a fixed amount each year, having started from a lower base.

According to Peter Quinton of the Annuity Bureau, the best rates for a five-year level annuity for a man aged 40 come from RNPF Nurses with £2,557 annually, followed by Pearl Assurance with £2,444 and Standard Life with £2,387. Rates for women tend to be lower, reflecting greater life expectancy. Over nine years, using the same assumptions, Pearl leads, according to Quinton, with £1,891, followed by RNPF Nurses on £1,684.

The Week Ahead

THE main interest in GEC's interims, due on Wednesday, will be not so much in the profits figure as in the dividend. Last year's interim payment was merely held. But the final was raised by 5 per cent, in spite of unchanged earnings per share for the year overall.

This time, profits are expected to be only modestly up, in the range £350-360m from £346m last year. But GEC is still accumulating cash at a ferocious rate. At the start of the year, net cash - including GEC's share of cash held in joint ventures - stood at £1.4bn. It is expected to reach £1.5bn by the year end.

Lord Weinstock can thus certainly afford an increase. The question is whether the outlook has brightened enough to allow an increase materially ahead of growth in earnings.

Hanson, the Anglo-US conglomerate, is expected to have suffered its first ever profit year in full pre-tax profits when it announces its full-year results on Thursday.

Pre-tax profits are likely to have fallen to around £1.34bn from £1.31bn. The fall is less than it might have been because more than £100m of exceptional will be taken above the line in accordance with the new accounting rules.

Allied-Lyons is expected to report first-half profits on Tuesday of £280m against last year's £276m, restated after adjustments for disposals. Underlying trading profits are expected to be flat.

Well-publicised trading difficulties for Grand Metropolitan's North American foods business will be reflected in a decline in full year profits on Thursday from £550m to about £520m. IDV, the group's spirits division, is expected to record another solid advance in trading profits but lower earnings are forecast from the retailing sector.

Trafalgar House, the construction, engineering and property group, which is reporting its full year results on Tuesday, is expected to announce that £90m of profits were wiped out by a big tax charge and £50m of writedowns on housing and commercial property.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
ABI Leisure	Aug	2,310 (2,070)	5.8 (5.7)	3.78 (4.77)
Anglo Irish Bank	Sept	7,940 (6,520)	5.08 (6.63)	3.36 (3.35)
Apollo Metals	Sept	1,260 (2,000)	6.0 (10.3)	3.45 (3.45)
BBB Design	Apr	389 L (245 L)	-	-
Bancassurance	Jun	5,500 L (4,980 L)	-	-
Chambers International	Sept	52 (786)	0.07	-
Concentric	Sept	8,280 (22,225)	(13.21)	11.17 (11.17)
Diploma	Sept	16,800 (14,500)	19.4 (17.7)	9.75 (8.78)
Dunedin Worldwide	Oct	3,300 (3,450)	0.71 (0.71)	9.5 (9.5)
Fairline Boats	Sept	607 L (3,020)	-	10.5 (21.0)
Foster	Aug	6,530 (7,440)	0.01 (5.47)	4.2 (8.55)
Gartmore Euro Inv Ltd	Sept	165 (384)	0.97 (2.25)	1.1 (1.1)
Gazelle Chile Fund	Sept	4,800 (4,800)	60.0 (72.0)	58.0 (56.0)
Great Western Res.	Sept	47,400 L (24,000 L)	-	-
Hunterprint	Sept	12,200 L (8,300 L)	-	-
IAWS Group	Jul	7,850 (5,580)	6.5 (4.8)	2.0 (2.0)
Kwik Save	Aug	110,510 (101,700)	48.21 (44.26)	16.0 (14.7)
Morland & Co	Sept	7,500 (5,930)	26.1 (22.7)	8.4 (7.1)
National Home Loans	Sept	148,400 L (47,500 L)	-	-
Newspaper Publ	Sept	28 (10,000)	-	-
Yates & Lytle	Sept	180,500 (235,800)	29.3 (38.9)	12.0 (11.2)
Yieldstone	Oct	19,700 (21,300)	10.3 (13.9)	11.5 (11.5)
Watergate	Mar	18,500	-	-
Young (N)	Sept	772 (1,010)	3.5 (4.4)	3.0 (8.9)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
AAH Holdings	Sept	17,500 (15,800)	5.8 (5.4)
ADT	Sept	41,800 (23,000)	-
Alcon	Sept	855 (2,010)	1.65 (1.65)
Alphabetic	Sept	222 (1,530)	-
Amcor Industrial Hld	Sept	1,470 (1,200)	5.5 (4.5)
Applied Photographic	Sept	627 L (881 L)	-
BT	Oct	205,000 (178,000)	3.55 (3.2)
BST	Sept	40,500 (71,500)	2.0 (4.25)
SPB Industries	Sept	27,500 (24,000)	2.7 (4.0)
Boscawen Property	Sept	275 (1,320)	1.9 (1.9)
British Invest Trust	Sept	12,000 (181)	- (2.85)
Brown & Tones	Sept	2,780 (37)	-
Bulfinch AF	Jul	32 (57)	-
Calcedonia Investment	Sept	19,300 (17,400)	5.0 (4.8)
Chaffings	Sept	1,550 (1,700)	1.3 (1.3)
Chester Waterworks	Sept	1,040 (-)	2.1 (-)
Chloride	Sept	2,730 L (1,020)	-
City of London PR	Sept	282 (285)	1.9 (1.9)
Clyde Blowers	Aug	141 L (141)	-
Cropper (James)	Sept	585 (821)	0.975 (0.975)
Danka Business Syst	Sept	7,000 (5,280)	1.5 (1.25)
Dart Group	Sept	985 (1,190)	1.3 (1.3)
Dawson International	Sept	16,300 (16,000)	2.0 (2.0)
Emap	Oct	14,800 (9,800)	2.075 (2.0)
Embassy Property	Sept	1,450 L (2,400 L)	-
Evans of Leeds	Sept	3,670 (3,450)	1.43 (1.30)
Ferromet	Jun	854 L (414)	-
Foreign & Colonial	Sept	550 (850)	-
Foreign & Colonial	Sept	885 (825)	1.23 (1.18)
Foster (John) & Son	Aug	1,800 L (23 L)	-
Futura	Jun	1,000 L (940)	-
GEC International	Sept	1,000 (811)	2.47 (2.47)
Globe News	Sept	377 (903)	3.0 (3.0)
Guard & March Ev-New	Sept	1,770 (7,000)	-
Harlequin Group	Sept	10,500 (8,170)	2.8 (1.875)
Heavenston	Sept	476 (580)	0.6 (0.6)
Heavenston	Sept	1,500 (1,500)	0.25 (0.25)
London & Metrolift	Jun	4,440 L (14,900 L)	-
Loveland Martin	Sept	4,240 (4,010)	4.5 (4.2)
Macdonald Martin	Sept	2,680 (4,070)	2.2 (2.2)
Martins	Sept	655 (655)	-
Martins Thompson & Ever	Sept	10,100 (5,900)	1.45 (1.34)
McIntyre Properties	Sept	1,200 (2,450)	-
Mid Kent Holdings	Sept	4,280 (4,210)	4.75 (4.5)
Mid Kent Holdings	Sept	1,480 L (1,410 L)	-
Monks Inv. Trust	Oct	3,940 (3,980)	2.0 (2.0)
National Grid	Sept	287,500 (243,700)	42.0 (38.0)
North Western Foods	Sept	66,400 (56,200)	3.4 (3.24)
North West Water	Sept	130,700 (123,700)	7.13 (6.64)
NSI	Sept	1,180 L (1,370 L)	-
Powell Duffryn	Sept	9,330 (8,800)	6.6 (6.6)
Rothmans Internat	Sept	286,500 (268,000)	4.0 (3.75)
Scotstons	Sept	1,550 (1,110)	0.78 (0.78)
Seller Healthcare	Aug	2,130 (1,800)	1.7 (1.5)
Sims Food	Sept	2,480 (3,350)	3.0 (3.0)
Southdowns	Sept	651 (484)	0.7 (0.5)
South Staff Water	Sept	5,100 (4,800)	15.0 (13.4)
South West Water	Sept	48,000 (47,100)	7.8 (7.1)
Starling Industries	Sept	1,870 (1,800)	1.5 (1.5)
Stoddard Securities Int	Sept	432 (1,050)	0.75 (0.75)
Thorn EMI	Sept	105,200 (94,300)	8.0 (8.6)
TR Property Inv. Trst	Sept	3,540 (2,610)	1.4 (1.4)
Vodafone	Sept	160,000 (150,000)	3.43 (2.98)
Walker & Smith Hld	Sept	237 (342)	-
Waverley Mining	Sept	58 L (107 L)	-
Wish Wainwright	Sept	75,300 (74,100)	7.8 (7.8)
Whitbread Leisure	Aug	2,550 (1,080)	-

(Figures in parentheses are for the corresponding period). Dividends are shown net of tax per share, except where otherwise indicated. L = loss. \$ = Net Revenue. £ = Irish pounds. £ = Figures for 8 (this year) & 12 months (last year). * = Figures for nine months. * = U.S. dollars and cents.

RIGHTS ISSUES

Saxon Healthcare is to raise £13.1m via a 1-4 rights issue priced at 240p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

National Express is to join the stock market via a placing of 27.8m shares at 165p.

Hoare Govett is to raise £50m via a placing of 50m shares at 100p

RESULTS DUE

Company	Announcement date	Dividend (p)		
		Last year	This year	
		Int.	Final	Int.
FINAL DIVIDENDS				
Bass	Tuesday	9.80	25.70	5.25
Canal May Roberts	Thursday	-	-	-
Dubois Park Industries	Friday	1.90	3.85	1.90
Fidelity Japan OTC	Monday	-	-	-
Grand Metropolitan	Thursday	8.40	14.3	4.80
Hanson	Thursday	7.85	2.75	2.75
Hammond International Holdings	Tuesday	0.67	1.60	0.67
Leeds Group	Tuesday	3.00	6.75	3.50
MEPC	Tuesday	5.25	14.75	5.25
Metro Radio	Thursday	1.50	3.50	1.50
Is & G Group	Wednesday	8.25	10.75	9.00
Mitell Holdings	Monday	-	3.95	-
Murray Enterprise	Thursday	-	3.30	-
Prospect Industries	Monday	0.10	0.30	0.25
Reggie	Monday	-	-	-
Royal Bank of Scotland	Thursday	2.80	6.00	2.80
Trafalgar House	Friday	8.80	9.80	4.40
Wolverhampton & Dudley	Friday	4.10	8.20	4.30
INTERIM DIVIDENDS				
Alco	Wednesday	1.00	3.75	-
Allied Colloids	Thursday	0.58	-	-
Allied Lyons	Tuesday	6.65	13.35	-
Associated Nursing Services	Monday	-	-	-
Berkshire	Monday	0.50	0.60	-
BSS Group	Monday	3.75	11.50	-
Cadlys	Wednesday	5.00	5.00	-
Cape	Wednesday	3.00	7.50	-
Chaffert Silveken	Wednesday	2.90	4.10	-
Club Security	Monday	-	-	-
Crown Equinox	Monday	2.00	4.00	-
Crossroads Oil	Tuesday	-	-	-
East Surrey Holdings	Monday	3.56	6.00	-
ESF Income Trust	Monday	1.27	1.20	-
Essex	Thursday	4.88	4.88	-
Erskine House	Wednesday	2.30	4.35	-
Eurochem Colours	Monday	0.25	0.40	-
Fenwick	Tuesday	0.50	-	-
GEC	Wednesday	2.56	7.05	-
Genstar Group	Wednesday	2.75	-	-
Greene King	Monday	3.50	8.10	-
Gyreco	Friday	2.30	-	-
Hansen (Phillip) Holdings	Monday	2.00	4.25	-
Harmon Industries	Wednesday	-	-	-
Hodkins Brewery	Monday	-	-	-
James Letham	Thursday	1.50	2.25	-
JJ Group	Monday	1.50	3.00	-
Johns Matthey	Thursday	3.00	6.55	-
Kemwood Appliances	Monday	2.40	6.37	-
Leigh Interests	Monday	2.40	-	-
London Electricity	Wednesday	5.00	11.80	-
London International Group	Thursday	3.20	6.25	-
Lyons Irish Holdings	Monday	-	-	-
Mercurydown Unit	Monday	1.00	10.00	-
Monmouth Estates	Wednesday	8.00	10.00	-
North	Tuesday	5.35	12.40	-
Orlamine International	Tuesday	-	-	-
Porter Chadburn	Wednesday	0.65	1.65	-
Quintell	Wednesday	-	-	-
Rail Electronics	Tuesday	0.50	0.70	-
Rawlinsons Securities	Wednesday	0.24	1.11	-
Roscapex	Wednesday	-	-	-
Scottish Hydro-Electric	Thursday	3.25	6.91	-
Scottish Power	Monday	3.78	8.91	-
Scott Pickford	Monday	-	0.80	-
Servair Trans	Thursday	6.40	19.9	-
Shanks & McEwan	Thursday	2.24	4.44	-
Smith New Court	Monday	1.00	3.50	-
Spedleyrics	Monday	-	-	-
Swearing Publishing	Monday	0.50	2.00	-
Stylene	Thursday	3.15	6.30	-
Topic Estates	Wednesday	0.25	1.45	-
Topic International Group	Monday	0.30	0.70	-
Visitec Group	Monday	2.10	2.20	-
Wood (S B) Group	Monday	-	0.25	-
Yorkshire Water	Wednesday	6.50	13.0	-

*Dividends are shown net pence per share and are adjusted for any intervening 5% share splits

FINANCE AND THE FAMILY

The cheaper way of insuring your treasures

Scheherazade Daneshkhu finds that specialists often can offer policies to cover high-value possessions at lower rates than elsewhere

THE PLEASURE of acquiring a pair of Art Deco vases, some Persian carpets or a little Hockney sketch can be ruined by worries about the cost of insuring them.

Most home contents policies restrict what they will pay out — usually, to no more than £1,000 or £1,500 — on any single personal possession unless it has been specified separately.

The type of extra insurance you need depends very much on the items you have. Jewellery, unless antique, normally can be covered adequately under a conventional home contents policy by describing the pieces and submitting a valuation. (If you do not wear the jewellery often, of course, a cheaper alternative is to keep it in a bank vault). But if you are a collector, or own a variety of valuable furniture and paintings, you could find it cheaper to consult a specialist fine art insurer.

The choice of these has increased in recent years. Fine art broker Richard King says this is partly because insurance companies are losing less money from this part of their business — known as the "high net worth" sector — than on claims arising from subsidence

and theft. King — who works for Artscope, a division of broker Leslie and Godwin — estimates that people with fine art and antiques can, in some cases, get wider cover at a third of the price charged by a high street insurance company if they go to a specialist insurer.

He adds: "We have a client whose insurance company was charging him £6,000 in premiums this year for the contents of his London home. But he has switched to a specialist and is paying £4,000."

Hiscox Underwriting Ltd deals with high-value household business for Syndicate 33 at Lloyd's of London, and claims to give more competitive rates than others. The minimum sum insured for house and contents is £250,000; but if you already have satisfactory building insurance, the minimum sum insured for contents is £75,000. The minimum annual premium is £500.

The policy has a specialised all-risks section for fine art, with no maximum item limit for objects other than gold, silver and plate. Hiscox does not insist on valuations but encourages a schedule to minimise the risk of dispute when a claim arises.

Nor will it necessarily sur-



A stately sight... but premiums on such expensive items can be prohibitive. Consulting a specialist insurer can cut the bill considerably

vey every house, relying instead on the potential client's background before taking on risk. Nigel Prescott, of Hiscox, explains: "The person is more important than the security of the house. Then we make a judgment."

Wellington Personal Insurance, a Lloyd's-approved service company, also provides a

high-value buildings and contents service. The minimum sum insured on both is £150,000 but Steve Windich, the managing director, says the average is £300,000 with average annual premiums of £1,100.

"The package is designed along North American lines," says Windich. "We automatically include contents cover

worth 50 per cent of the buildings insurance. In most cases, this provides more than enough insurance and the customer does not have to worry about being under-insured all the time."

If your house is insured for £400,000, you will be entitled to £200,000 of contents cover. But items excluded are jewellery,

silver and furs. The standard excess on the policy is £500; thus, if an item worth £2,000 is stolen, the insured would get £1,500 from the company. The excess is waived on claims over £10,000, though.

Wellington does not require valuations but it does demand a list of items worth more than £10,000. Although the package

is not cheap, it is competitive for those with many valuables who want to combine contents insurance with buildings.

Another combined package was launched at the end of September by Sun Alliance and Chubb, which have produced a policy called Masterpiece providing an all-round service.

Marketing manager John Spink says Masterpiece is aimed at "the top 5 per cent of wealth-owning people in the country." The minimum annual premium is £1,500 a year for building and contents but the average, Spink adds, is £3,000-£4,000.

Masterpiece is an all-risks building and contents policy and includes world-wide cover on contents; a 24-hour help-line facility; payment for loss of market value of a valuable item (more than £2,500) following damage; and a broad "pairs and sets" clause for valuable articles.

This means you could claim for the set even if only one item was stolen or destroyed.

The policy involves a full appraisal, and the home and contents are surveyed before the risk is taken on. Full valuations are required.

Collectors may prefer a policy provided by Star Assurance, which is owned jointly

by Eagle Star and Nordstern, a German insurance company. It does not cover buildings or general contents but concentrates on fine art and antiques. The minimum sum insured is £50,000 of contents; the minimum annual premium is £175.

Star's Clare Parry says the policy, which provides all-risk cover within the premises, is aimed at collectors rather than wealthy individuals. "We employ people with a fine arts background and are able to give the client advice on the value of their items," she says.

"We would expect a professional valuation but there would be no need for the client to have subsequent valuations, which are an expensive business, since we could advise them on the present-day value of the collection."

Like Masterpiece, the policy also includes depreciation following damage. So, if your prize painting fell off the wall, you could claim for the cost of the repairs and the loss in market value.

These policies are sold mainly through insurance brokers, who receive commission from the companies but are able to get a variety of quotations and help to determine which policy is suited best to the individual case.

Planning Your Pension

A scheme with benefits for all

A FUNDED unapproved retirement benefit scheme (FURBS) offers tax benefits with flexibility to both senior executives and their employers and looks set to become a useful element in the remuneration packages of high earners.

How does it work? For executives:

- It can be set up for individuals so that the fund is earmarked for them.
- They pay income tax on the company's payment to the FURBS as if they had received a bonus.
- Once funds are in the FURBS, the investments made are subject to a maximum rate of income and capital gains tax of only 25 per cent.
- The normal restrictions on benefits from pension schemes imposed by the Inland Revenue do not apply. Accordingly, there are no limits on the amount of the benefits under a FURBS. There is great flexibility as to when the executive can take those benefits, and all can be taken as a lump sum.

- There is no tax liability when, eventually, they cash in their FURBS for a lump sum.
- If they die before cashing in the FURBS, the whole fund can be paid to their family free of inheritance tax.
- What does a FURBS offer for employers?
- They will get tax relief when

has a greater salary than he needs for his living requirements and can save some of the excess.

Provided that the employer's contributions to the FURBS take account of the fact that the executive will pay tax on them, the up-front tax charge need not be a disincentive.

Marilyn McKeever and Tony Foreman on the virtues of FURBS

they makes a contribution to the FURBS in the same way as if they paid salary or a bonus.

- They will not normally be liable for the 10.4 per cent National Insurance contributions which they would pay if they increased the executive's salary or paid him a bonus.
- It can be used as a "golden handcuff." The scheme rules can be framed so that the executive benefits only if he stays with the employer for a specified period.
- A FURBS will be particularly attractive for an executive who

So, how can a FURBS complement other tax-favoured investments?

There is, of course, a place for investments such as personal equity plans (PEPs) and tax-exempt special savings accounts (Tessas) in an executive's portfolio but, by their nature, such investments generally are limited in amount or relatively inflexible. FURBS are not limited.

Nor is a FURBS intended to replace an approved pension scheme. It can, however, complement an approved scheme

in providing funds for retirement investment and in tax planning generally.

The benefits payable under an approved scheme always have been limited by reference to the employee's salary at or near retirement. The maximum permitted pension is only two-thirds of that final salary figure, and there also are restrictions on the amount of the benefits which can be taken as a lump sum.

In 1989, the government imposed a "cap" on the amount of final salary which could be used to calculate pension benefits. The present cap is £75,000, so the maximum possible pension that can be paid under an approved scheme is £50,000 while the maximum lump sum is £112,500. This applies whatever the executive's salary.

Further, the Revenue prescribes a minimum age from which a company may pay an approved pension. This is usually 50.

Pension schemes can be very valuable and sometimes are worth more than the employing company itself. In the past, private companies have been able to use schemes as a source of corporate finance but now there are stringent restrictions on investment by most approved schemes in the employer company.

None of these difficulties applies to a FURBS. Contributions and benefits can be of any amount. Indeed, the rules relating to unapproved schemes were relaxed at the same time as the cap was introduced, with the object of letting employers provide additional retirement benefits for their high earners through unapproved arrangements. FURBS can, thus, be used to "top-up" the pension from an approved scheme where this would be inadequate to support the executive in retirement.

A FURBS also is much more flexible than an approved scheme where it is used as part of the employee's general investment and tax-planning strategy.

An employee can "retire" at any time and any age, and the meaning of "retirement" is wider than you might think. It includes retiring from one job and taking up another.

Even if an executive continues to work, he can still take his benefits under a FURBS where there is a change in the conditions of his employment. The employee may also receive his benefits if the scheme is wound up — something that can happen at any time. In addition, the whole of the fund which has built up for the executive's benefit can be taken as a tax-free lump sum.

A FURBS will be particularly attractive to private companies. The investment restrictions which apply to approved schemes are irrelevant so far as unapproved arrangements are concerned.

A FURBS has many benefits. As part of a tax-efficient remuneration package, it will help an employer to recruit and retain high-flying employees. It is an attractive investment vehicle for the employees themselves. It can supplement an otherwise restricted pension from an approved scheme. And a director/shareholder of a private company can take advantage of the tax breaks offered by a FURBS while using it as a source of finance for the company.

Marilyn McKeever is a solicitor at Goudens. Tony Foreman is a partner of Pannell Kerr Forster.

Home loans under fire

Centralised lenders fail to keep up with base rate cuts

WHILE most homeowners are pleased that interest rates are coming down, those who have mortgages with centralised lenders are less happy. They are paying up to two percentage points more than other mortgage-holders.

Existing borrowers with National Home Loans, for example, are paying 12.15 per cent compared with between 9.95-9.99 per cent for their counterparts at most banks and building societies.

Some borrowers at First Mortgage Securities are paying 11.65 per cent, while those with Household Mortgage Corporation and Mortgages plc (formerly CIBC) are paying 11.45. Rates at the Mortgage Corporation are 10.99, while UCB's existing borrowers, who are also paying 10.99, will see a reduction to 9.79 per cent next week.

Most of these rates will be coming down soon — in many cases, by well over 1.5 points. First Mortgage Securities, for instance, is cutting the rate for existing borrowers to 9.65 per cent on January 1, and to 8.65 from February 1. The Mortgage Corporation will bring down its rate to 9.5 from January 1.

Despite the projected cuts, many borrowers with the centralised lenders will still be paying higher rates than those with most banks and building societies. The latter, in most cases, will pay about 8.5 per cent between mid-December to the beginning of January.

One reason for the higher rates charged by centralised lenders is the way their loans are funded. Unlike banks and societies, which take in money from savers and lend to homeowners, they get their funds by borrowing on the wholesale money markets.

Most use the three-month London Interbank Offered Rate (Libor) to determine what they charge mortgage-holders and argue that, unlike banks and building societies, they cannot react quickly to sudden base rate cuts since they buy money forward.

"We don't have 8m savers whom we can immediately penalise in order to cut mortgage rates," said Barry Meeks, commercial director of The Mortgage Corporation. "If the base rate is cut today, it does not filter through to our cost of funds for three months."

The centralised lenders emerged in the mid-1980s when property prices were moving up rapidly and demand for mortgages from prospective house-buyers was insatiable. They were able to undercut the banks and building societies because the Libor then was lower than base rates.

To gain market share they brought in new products, such as deferred payment loans, and were happy to take on borrowers who could not prove their income. Within a few years, their market share rose to 20 per cent — but this form of market-driven, imprudent lending has resulted in tears.

The fall in house prices and the recession have blackened the books of some of the cen-

tralised lenders, and a fall in credit-worthiness means that they cannot borrow on terms as favourable as the top grade banks and societies.

The property slump and a rise in repossession also mean some of the centralised lenders cannot afford to take on new business, although others are operating profitably and are marketing fixed and capped rate mortgages to attract customers.

Adrian Coles, of the Building Societies Association, advises those who are paying above market rates for their mortgage to examine the costs of shifting to another lender. Remortgaging is an expensive business, particularly for those tied into a fixed rate loan, but it might be the best option in the long term.

Chase de Vere, the London-based mortgage broker, will work out the costs and savings of switching to a lower rate scheme without charge.

Scheherazade Daneshkhu

CGT allowances

THE TABLE shows capital gains tax (CGT) allowances for assets sold in October. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it. If you subtract the result from the proceeds of your sale, the result will be your taxable gain or loss.

Suppose that you bought some shares for £7,000 in April 1987 and sold them in October 1992 for £14,000. Multiplying

the original cost by the April 1987 figure of 1.374 gives a total of £9,518. Subtracting that from the proceeds of £14,000 gives a capital gain of £4,482, which is below the 1992-93 CGT allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free. If you sell shares bought before April 6 1982, you should use the March 1982 figure.

CGT INDEXATION ALLOWANCES: OCTOBER

Month	1982	1983	1984	1985	1986	1987
January	-	1.683	1.611	1.534	1.454	1.398
February	-	1.686	1.604	1.522	1.448	1.393
March	1.761	1.683	1.599	1.508	1.446	1.391
April	1.726	1.680	1.578	1.476	1.432	1.374
May	1.714	1.653	1.572	1.469	1.430	1.373
June	1.709	1.649	1.568	1.468	1.431	1.373
July	1.702	1.640	1.570	1.469	1.435	1.374
August	1.708	1.633	1.558	1.465	1.430	1.370
September	1.709	1.626	1.552	1.468	1.423	1.368
October	1.701	1.620	1.543	1.464	1.421	1.380
November	1.692	1.614	1.538	1.459	1.409	1.353
December	1.696	1.610	1.539	1.457	1.404	1.354

Source: Inland Revenue

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid	
INVESTMENT A/Cs and BONDS (Gross)							
	Scarborough BS	First Post	0800 590576	Instant	£250	6.80%	Y/y
	Bristol & West BS	Balfour A/C	0800 100117	Instant	£2,000	9.10%	Y/y
	Cheltenham & Gloucester	London Deposit	0800 272388	Instant	£10,000	9.80%	Y/y
					£25,000	10.00%	Y/y
	Scarborough BS	Scarburgh Ninety 2	0723 388155	90 Day	£500	7.25%	Y/y
	Manchester BS	3 Year Income	061 884 8465	3 Year	£10,000	9.57%	M/y
	Chelsea BS	Premier VI	0800 272505	13.1.95	£1,000	10.00%	Y/y
TESSAs (Tax Free)							
	National Counties BS		0372 742211	5 Year	£3,000	9.60%	Y/y
	Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Y/y
	Exeter Bank		0392 50885	5 Year	£250	9.00%	O/y
	Julian Hodge Bank		0222 208030	5 Year	£20	8.00%	Y/y
HIGH INTEREST CHEQUE A/Cs (Gross)							
	Caledonian Bank	HICA	031 559 8235	Instant	£1	8.50%	Y/y
	Citybank	Money Market Plus	081 946 8311	Instant	£2,000	7.20%	M/y
	Chelsea BS	Classic Postal	0800 717615	Instant	£10,000	7.80%	Y/y
					£25,000	8.10%	Y/y
OFFSHORE ACCOUNTS (Gross)							
	Portman GI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Y/y
	Yorkshire Gurnsey	Key 50	0481 719898	90 Day	£10,000	7.25%	Y/y
	Yorkshire Gurnsey	Key Extra	0481 719898	180 Day	£25,000	8.45%	Y/y
	Yorkshire Gurnsey	Key Term Share	0481 719898	31.8.83	£50,000	10.10%	Y/y
GUARANTEED INCOME BONDS (Net)							
	Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Y/y
	Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Y/y
	Liberty Life FN		081 440 8210	3 Year	£50,000	6.40%	Y/y
	Co-op Bank Fin Adv FN		081 629 6662	4 Year	£2,000	6.30%	Y/y
	Financial Assurance FN		081 367 6300	5 Year	£5,000	6.55%	Y/y
NATIONAL SAVINGS A/Cs & BONDS (Gross)							
		Investment A/C		1 Month	£5	6.25%	Y/y
		Income Bonds		3 Month	£10,000	8.00%	M/y
		Capital Bonds G		5 Year	£100	7.75%	Y/y
		First Opt Bonds		12 Month	£1,000	-	Y/y
NAT SAVINGS CERTIFICATES (Tax Free)							
		40th Issue		5 Year	£100	5.75%	OM
		6th Index Linked		5 Year	£100	3.25%	OM
		Childrens Bond E		5 Year	£25	7.85%	OM

This table covers major banks and building societies only. All rates are **Gross** (Guaranteed Income Bonds are **Net**). Gross = Fixed Rate less 1.25% (7.00% wtd 12.92%) + interest paid on maturity. If = bid Rate, B = Bid Rate, B

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	1992
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Per Share	170p
Dividend	5.52m
Shareholders Funds	5.530m
Dividend Per Share	1.9p

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PERSPECTIVES

As They Say in Europe Let's hear it for nostalgia

THE FRENCH proposal to veto the plan for the sun to rise in the east and set in the west ended a rough week for the Paris government at the hands of the press. The papers felt that the nation's leaders had made a mess of defending these central figures of French society, rapeseed farmers (whose emergence has at least ensured there is one more role for Gerard Depardieu in his continuing depiction of the nation's emblematic figures).

The day before the Washington deal on oilseeds was struck, the farm minister, Jean-Pierre Soisson, gave a vastly entertaining interview to *Liberation* which demonstrated the isolation of the British. The next day, there was the barrage of attacks on the "calamitous" British presidency - just before John Major found himself able to go to the first time since April.

Thanks to bad tactics, French ministers had helped to produce a result that looked like a British victory. The resulting furore has led to an explosion of nostalgia that seems part of a wider wave of Euro-avism. One paper, the *Tribune Desseins*, wrote: "France has 1.3m active farmers but 60m citizens are farmers at heart. All proud of their provincial origins, all attached to a piece of land. The United States argues in economic terms, France opposes it with national identity. There is a corner of a heathen field that is forever France."

Humanists described farmers as "the tree of ruralty protecting the forest. Behind these indebted, broken men, there is only wasteland, an inheritance of unemployment...Ruralty, the life of the countryside, its schools, its postmen, its bars..."

Whether you see such stuff as noble romanticism or sentimental claptrap, clearly it contains more than a whiff of the 1930s. It owes more to imagination than analysis, though. Reality is far removed from the bucolic fantasies of *la douce France* supplying the world with a cornucopia of bread and wine, the succulent offspring of a fertile land.

In the 1930s, France was a net importer of grain; today it is the world's second largest exporter. Before the second world war, France harvested less than Canada and accepted grain from the cheapest source.

French ministers foster the myth that France's natural role is to provide competition for the US. A corrupt subsidy system is responsible for that.

James Morgan

James Morgan is diplomatic correspondent of the BBC World Service.

EIGHT months is an eternity in school league tables. When the FT published its first survey of private school A-level performance in March, complaints at the very idea of publishing "raw" results flooded in. Now, after two FT surveys, a host of rival exercises from other papers, and finally last week's marathon effort by the Department for Education, almost everyone outside the teachers' unions realises they are here to stay.

Our latest survey, the FT-1000 published on November 1, provoked hardly any letters objecting to the principle of publishing comparative exam data. Jonathan Riley, headmaster of Ennscoote Lawn prep school in Warwickshire, was a lone voice, "looking forward to reading about chairmen of governors clandestinely approaching head teachers in plush hotels with fat signing-on fees and even larger salaries. Second division soon becomes second best".

However, the issue of what the tables reveal remains controversial. The critics, in full voice since John Patten's efforts, suggest they are little more than snap shots of the deprivation with which a school has to contend, and/or the degree of selection it employs. The two are essentially different points, though often conflated. Selective schools draw many of their pupils from deprived backgrounds, while many a comprehensive has a thoroughly middle-class clientele. Judging by our responses, parents are not blind to the social and selective characters of schools. They focus mainly - and rightly - on the differential performance and fees (in the private sector) of institutions of similar type.

The question of selection featured prominently in responses to the FT-1000. Vivian Anthony, secretary of the Headmasters' Conference, wrote: "I hope the message that comes through will be that a whole variety of factors affect the performance of schools, and none more important than the quality of the entry into a school."

However, the idea that even top schools have the pick of the bunch is strongly resisted by many of their heads. Tony Evans, headmaster of Portsmouth Grammar, which came 144th in the survey, said any notion of his school being free to choose its pupils was a "serious oversimplification".

"There are no fewer than seven sixth-form colleges within easy distance, with five other schools mentioned in your table equally accessible. There are very few schools which now have a monopoly."

Much pleasure, and some surprise, was expressed at the strong A-level performance of some state schools and colleges. "It is gratifying that you note what good value can be found in the state sector," wrote Alan Hiscok, chairman of the governors of Brooklands College, Surrey.

"It is worth restating that the private sector as a whole does not earn higher examination results in strict proportion to the fees charged." His only concern was that he had not been able to rank further education

and tertiary colleges in the survey.

John Howson, deputy director of Oxford Polytechnic's school of education, thought performance tables were "fraught with danger," but necessary, "not least for the benefit of parents whose work requires them to move around the country."

His concern was that "the variables that go towards producing any set of results are too complicated to allow easy comparison between schools". The five-year score was a help, "but not if it forces any school to say to any child that they cannot be entered for an examination because their entry might adversely affect the score the school could achieve."

Howson was also concerned that with the growth of vocationally-oriented qualifications at the post-16 level "there is a danger that your survey, by using just A levels, has selected too simplistic a measure which does not reflect the direction post-16 education should be taking at this juncture".

The question of how good schools expand, explored in the survey through articles on Bristol and Forest School, London, was taken up by Will Bartlett, a research fellow at the School for Advanced Urban Studies at

Bristol University. "If a popular school faces an excess demand for places, there is no mechanism whereby extra funds can be channelled to that school to allow for an expansion of capacity," he wrote, highlighting a serious weakness in the government's plans to promote market principles in education.

Bartlett also pursued the question of funding. Minimum fees charged by private schools in Avon are around £3,000, whereas Avon county council provides only £2,153 per sixth form pupil in the county - "and considerably less than that for other secondary school pupils".

The 1988 Education Act, by linking recurrent funds to pupil numbers, was intended to create a quasi-market, directing funds to successful schools. But, says Bartlett, its main effect "has been to bring about a reduction in funding for inner city schools, and a further deterioration in the service offered to the least advantaged pupils".

The FT score, which gave equal weight to performance per entry and per candidate, caused some anxiety. Mrs B Hammett, head of the sixth

form at Jews Free School in north London, told us that of JFS's 115 candidates, 37 took only 2 A-levels, and 8 one only, mainly for health reasons. "The objectivity of any particular indicator does give us cause for concern."

Valerie Bidwell, headmistress of Norwich High School for Girls, took issue with the decision to exclude general studies.

"General studies is, in fact, a good discriminator: students who will achieve A and B grades in other A-levels will tend to achieve a similar grade in general studies...Should A-level results in modern languages be discounted if the candidate is a native speaker? What about the candidates who may take A-level art without attending classes if sufficiently gifted?"

Answers on the back of a post-card, please.

Alas, like the education department's, our survey was not free from slips. Some were caused by incomplete information, some were our fault.

Alas, Comprehensive should be in Cheshire, not Staffordshire. Clifton High School for Girls should have got a mention as one of

Bristol's leading independent girls schools.

Honley High School, Huddersfield, has 38 per cent of its pupils studying maths and science and six per cent modern languages, against the 20 and 11 per cent given.

Longridge Towers School, Berwick-upon-Tweed, Northumberland, should have been ranked third equal in the value for money table for boarding schools, with its annual boarding fees of only £7,110. It is also the top-performing school in the county.

St Helen's School, Northwood, Middlesex, was ranked twice in error. The entry giving it 572 pupils, and placing it 120th, is the correct one. St Peter's School, Bourne, is a church (Roman Catholic) School, with 1,482 pupils (not 137). It achieved 2.4 passes per pupil, and its FT score was 0.87 (not 0.68), giving it a ranking of 738th.

Southampton Technical College gained 1.9 passes per pupil, not the 0.3 stated.

Wirral Grammar School: the proportion taking science/math courses was 35, not five per cent.

Andrew Adonis

FT schools 1,000 — the examiners' notes



One man's war

From Page 1

activities a distraction from the main business of defeating the Germans, at a time when victory was far from certain. The report was published only after Bracken persuaded the cabinet that to suppress it would cause an outcry.

"Even the enemy took notice," says Peter Baldwin, Professor of History at the University of California (Los Angeles). "The Nazis were piqued that, by promising the state's concern for the material well-being of its citizens, Beveridge had appropriated what they regarded as one of their best propaganda weapons."

Not everyone was so admiring. The insurance industry objected to the prospect of a state takeover of a large amount of its business. The Prudential even produced a briefing to enable the "man from the Pru" to argue the case against Beveridge on the nation's doorsteps.

But how was the government to react? Churchill's policy adviser, Lord Cherwell, told him that he should accept the report entirely, or shelve it until after the war. The worst thing for the government, Cherwell thought, would be to appear to accept it half-heartedly and under pressure, while chiding its proposals.

But this was just what the War Cabinet did, partly because of pressure from the Treasury and partly because Beveridge's abrasive style had antagonised so many ministers. By the time the report was debated in Parliament in February 1943, the government had accepted 16 of the 23 recommendations. But even then, the event was turned into a public relations disaster. The colourless John Anderson, Lord President of the Council, appeared lukewarm just as the report was becoming a banner of hope amid the terrors and privation of war.

In a radio broadcast a month later, Churchill said he supported a national social insurance scheme for all classes "from the cradle to the grave". But this was too little and too late to save him from electoral defeat in 1945. Ironically, Beveridge was also rejected, losing

Berwick, the seat he had taken for the Liberals in a 1944 by-election.

But sadly for Beveridge's vision, the implementation of the report after 1945 was flawed. The unified benefit rates for the new national insurance scheme were nearly a third below what Beveridge had recommended as necessary for subsistence. There was also no commitment for annual uprating to inflation-proof the benefit levels. This, in turn, left a growing number dependent on the means-tested safety net.

Many modern critics also question Beveridge's reliance on insurance as a basis for eligibility for benefits. Beveridge



Beveridge: war on five giants

felt that the payment of insurance contributions would eliminate the stigma of dependence. Again, this noble aim has been overtaken by the growing numbers in poverty who have never been contributors, especially single parents. A two-tier welfare state has been created, in which one group enjoys contributory, non-stigmatised benefits and another relies on the means-tested safety net.

Beveridge has also been criticised for his insistence on flat-rate contributions and benefits. On the contributions side, this simply proved inequitable - and it was not long before contributions became earnings-related, implying an element of redistribution as well as social insurance.

The payment of flat-rate benefits was designed to encourage people to continue to make their own provision to top up

the state pension - Beveridge was keen not to discourage thrift. But he was too successful: these benefits are at subsistence levels and most better-off people have made additional pension provision for themselves, so much so that for many the state pension has become a relatively unimportant source of income in retirement. This has undermined their commitment to a welfare state in which all pay into and draw out of a common pot, allowing the level of the state benefits to remain at very basic levels.

Beveridge's vision of a health service commanded almost universal support for most of the post-war era, but his optimism that costs would fall as the nation's health improved turned out to be completely wrong. This means that his fundamental assumptions are now having to be reassessed as medical costs and the demand for health care rise ever more steeply.

However, Beveridge's welfare state was a product of the age. All social classes shared the same air-raid shelters and suffered the same blitz. Rationing represented deprivation for the middle classes, but it meant cheaper food and better nutrition for many working people. And the evacuation of over 4m mothers and children to the country broke down many social barriers.

In such circumstances, people accepted high taxation and common sacrifice. Beveridge's vision was seductive in a regimented wartime society, with the economy under strong central control and common suffering. But since the war, rising affluence has eroded that feeling of social solidarity, while new social problems have overtaken the report's original credo.

As the celebrations begin next week for the 50th anniversary of the Beveridge report, it would be equally folly to blame him for the defects of the welfare state as to idealise its conception during the horrors of war. Those reshaping the system in entirely different circumstances have yet to find a modern equivalent of Beveridge's vision and sense of the public mood.

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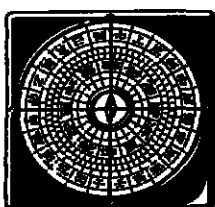
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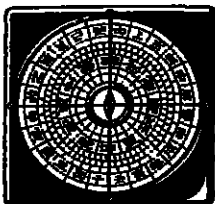
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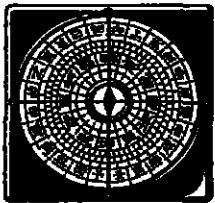
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HOW TO SPEND IT

Lucia van der Post tests designer trees, pulls tasteful crackers and examines inventive alternatives to paper streamers and battered baubles

Christmas with bells on it

HALF THE fun of Christmas, it seems to me, is the chance it gives to dress the house up to the nines. No need for quiet, restrained, good taste - more a chance to indulge your decorative fancies to the full, to be as opulent, as self-indulgent, as over-the-top as you fancy.

These days there is no excuse for just hauling out the cheap paper streamers and the battered box of baubles - for the well-heeled and lazy the shops are filled with decorative delights, while for the enterprising with initiative and energy to spare lots can be done for very little.

Habitat has some well-priced decorations this year with pine-bedecked boughs and cone trees starting at £9.95. For decorating the tree choose from three different themes - circus (acrobats at £1.95, strongmen at £2.50, lions at £1.95), American folk art (carved wooden animals such as fish and reindeer) or Shades of White (in more traditional mode with frosted icicles, garlands, white wooden wreaths and doves).

Every Christmas Thomas Goode of 19, South Audley Street, London W1 asks a clutch of celebrities and designers to come up with a festive table theme. This year's collection is as inspirational as ever. Many, but not all, of the components are individually expensive but the ideas come free and can, with some ingenuity, be re-invented at home. Elaine Paige, for instance, uses a rich red and gold theme and though her wonderful Michael Seal print cloth of golden fans on red is expensive much the same effect can be achieved at lower cost. She uses red and gold fabric bows, gold lay-plates, gold and red napkins (the rings finished off with musical instruments) and hangs a central candelabra with tiny oval and heart-shaped mirrors, tassels, crystal clusters of grapes and ribbons.

Lady Kathleen Gane goes in for cream and gold with a cloth-of-gold undercloth topped by another of rich cream woven with golden roses. Viscount Linley's Breakfast for Two (a dashing black stocking for his Christmas guest) is in the new Basic Goode's department and is much more contemporary in mood - he uses a breakfast theme in sycamore, inlaid with macassar ebony and yavona burl. Hugh Johnson takes a gardening theme and uses a painted watering-can as a centre-piece and twisted twigs as decoration.

Jane Churchill, 135 Sloane Street, London SW1 and 3 Christopher Place, St Albans, Herts, has expanded its range of accessories on the home-front and for Christmas has masses of small decorative ideas. There are miniature chocolate Christmas puddings (£3.95 for eight), plain creamy candles, tartan-wrapped if you



Sketched above is an enchanting variation on the traditional wreath - a mixture of dried peonies, rose-buds, walnuts, seed-heads, eucalyptus, scented cones, cinnamon sticks: £49.50 (p and p £4.50) from Forever Flowering, Orchard House, Moriske Road, Kew Gardens, Surrey TW9 4AS. The company has lots of other dried flower presents, from lace crackers filled with rose petals to pot-pourri to baskets of country flowers. Top right, candles this year will be glam - Thomas Goode, 19 South Audley Street, London W1 has a big range of candle embellishers from the simplest, shown here, a sconce in bright blue or clear glass, £20.75 to elaborate bejewelled wire frames. Pin Christmas cards to this length of green ribbon trimmed with a Cameron tartan double bow. Buy them for £13.50 from The General Trading Company, 144 Sloane Street, London SW1.

Below, Christmas decorations from Jane Churchill, 135 and 151 Sloane Street, London SW1 and 3, Christopher Place, St Albans, Herts. The sun is £1.95, the angel £1.95 and the bow is £6.50.

want to give them as a present, tartan terracotta flower pots and gold-embellished decorations for tree, table and room, all at accessible prices.

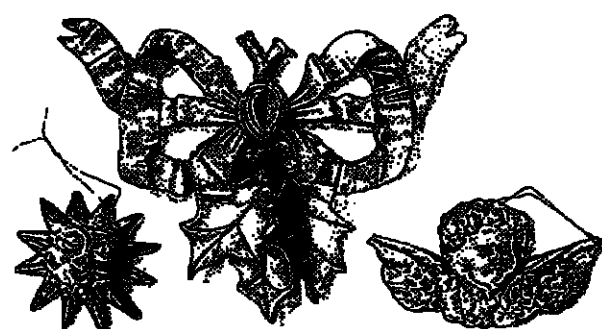
Greenwood & Lacey, Richmond Bridge House, 417-421 Richmond Road, Twickenham TW1 3EX (telephone 081-741-1377) is a source of stylish decorations - not cheap but they are original and most will last for years. A potsetia topiary tree in a tartan pot, some 14 in high, is £24; a Mediterranean Olive Wreath, made from dried globe thistles, hydrangeas, love-in-the-mist, paper roses, fabric hydrangeas and zinnias is soft, enchantingly pretty and costs £49.

There is a splendid collection of rose hips, seed heads, cinnamon sticks, berries, hazelnuts, eucalyptus leaves and tiny terracotta pots centred round a candle, for £45. A 24 in long Christmas Swag of preserved foliage, artificial plums, gilded walnuts, mushrooms and lots of red, red roses, is £58.

These days the wares offered by even the humblest chain store have vastly improved. BHS, for instance, offers miniature crackers in good plain colours like silver, red, green or gold, at just £2.99 for 12 and grown-up sized ones filled with Belgian chocolates, at £2.99 each. But for those who want something a little different there are several companies that will do crackers to order.

Minds Eye Crackers sells crackers which you can fill yourself. A set of six in green, red and gold, costs just £5.99 and comes complete with a joke and hat to add to the present you choose. Find them in most good stores - Harrods, House of Fraser, John Lewis, Selfridges, Hamleys, W.H. Smith and more.

Completely Crackers offers what you might call a bespoke cracker service. There are nine designs from which you choose first the look and then the filling. Presents include such



A cracking choice

CRACKERS go on getting better and better. Times were when to find a cracker that one could bear to look at, let alone one which made the spirits soar, meant a trek to decorator shops whose stock-in-trade was chic and which had a vested interest in keeping up taste levels - with prices to match.

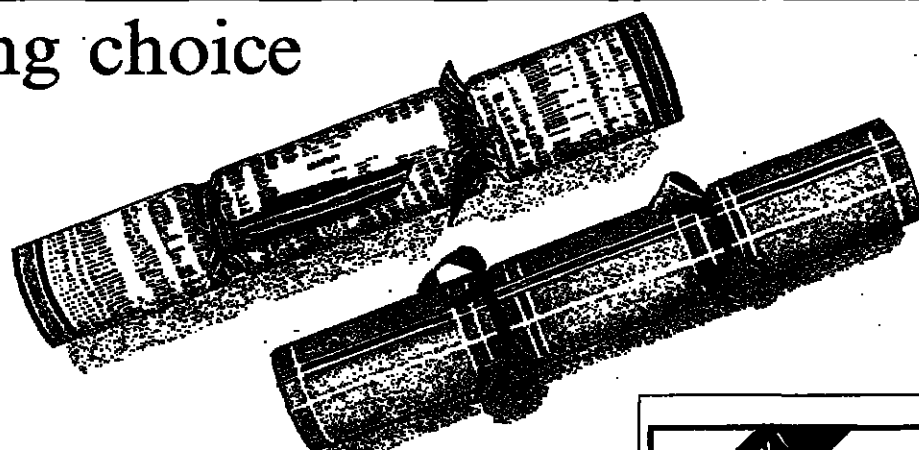
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Completely Crackers offers what you might call a bespoke cracker service. There are nine designs from which you choose first the look and then the filling. Presents include such

things as pot-pourri, beeswax candles, a natural sponge or sunglasses. Standard crackers are £21.95 for six, luxury ones (presents like a rosewood box, pewter photo frame) £24.95 for six. From Completely Crackers, Mandara House, 56 High Street, Pewsey, Wiltshire, SN9 5AQ. Tel: 0672-63229.

Designer Crackers offer 17 designs, all hand-made, rang-



ing from The Businessman's (made from the FT, what else?) to Glitz at the Ritz (day-glo colours and sparkles). Choose the fillers from a comprehensive list - finest Belgian chocolates, bottle openers, cufflinks, tape measures, finger puppets and the like. From Designer Crackers, Church Cottage, East Morden, Dorset BH20 7DW. Tel: 082945-514.

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Tried and tested trees

NO HOUSE ever seems properly decked out for Christmas without a tree. One of the quintessential Christmas images, the tree is a marvellous decorative device besides being a useful focal point for the presents.

Notions of how to dress the tree vary. Some families have rituals that can never be altered, others prefer to ring the changes. Anybody wanting inspiration might like to know that from December 2 to December 8 12 different designer-decorated trees can be seen on display at Sotheby's, 34-36 New Bond Street, London W1. The trees have all been donated to the Save the Children Fund and will be auctioned at a gala dinner on December 9. Anybody wanting one of the trees does not have to go to the dinner - sealed bids can be left at Sotheby's.

Decorative ideas range from the almost impossible to copy (such as Garrard's enchanting pearl pagoda tree alight with strings of pearls, crystals and silver bells) to Simpsons of Ficoadilly's Teddy Bear tree

(sketched below) which would not be beyond the talents of most of us to emulate.

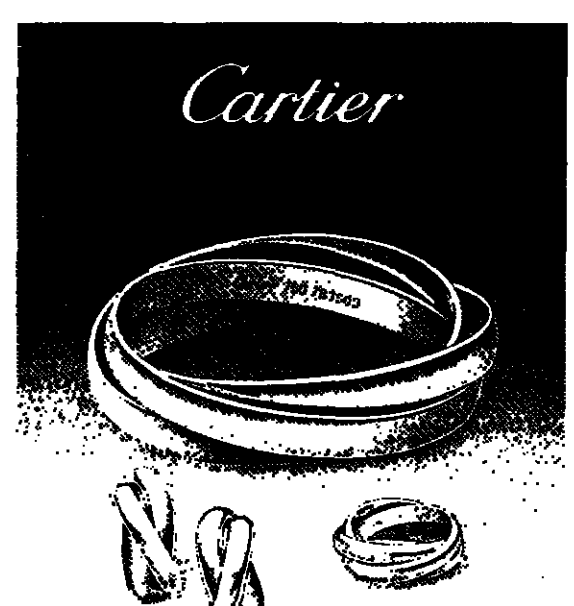
When it comes to real trees, the word is that prices are up this year - in the region of 5 per cent for home-grown trees and between 15 per cent and 20 per cent for imported ones, due to the devaluation of sterling.

Many families like to buy directly from the grower - the British Christmas Tree Growers Association, 12 Lauriston Road, Wimbledon, London SW18, will supply a list of places where they can be bought in return for an SAE.

Artificial trees are improving all the time. Fulbrook & Gould, Liscartan House, 127 Sloane Street, London SW1X 9AS (mail order available) has found some beauties. Made by hand with very fine pine needles, some are very hard to tell from real. The prices may at first sight seem horrendous (£85 for 5ft 6in, £139.50 for 6ft 6in) but bear in mind that they can be packed away into a 4ft by 18in box and brought out year after year looking fresh.



Sketched above, from left: brilliant blue star-spangled glasses, Firmament bleu by St. Louis, £188 for champagne flutes, £182 for white wine. Straight-sided starry clear glass hurricane lamp, £18.50 from Jane Churchill, 135 Sloane Street, London SW1. Indian tree-fragrance scented candle in a brass pot, £30, gilded wax candle decorated with faux pearls, £8.25 from Thomas Goode. Hurricane lamp, one of a pair, hand-decorated, gilded and glazed, in green and gold, blue and gold or rust and gold, £365 the pair. Round gold tin lay plate £7.50 each, gold star plate £60.25, in silver £40. Also from Thomas Goode.



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HOW TO SPEND IT

Be crafty with your presents this year

Lucia van der Post trawls the craft fairs, shops and stalls in search of individual gifts with character and style. She comes up with a range of goodies as diverse as champagne flutes and pig paintings

Jack-in-the-box Christmas fun

CRAFT FAIRS are, of course, one of the best places to look for presents if what you are after is something fresh, original and unlike the mass-manufactured goodies that most of us unwrap on Christmas morning.

This year there are more fairs than ever to choose from - standards vary widely but almost all offer something of the fun of the treasure-hunt, with bits of tat to be found sitting next to pieces of stunning beauty.

Covent Garden has its Apple Market stalls every day from Tuesday to Saturday which sell everything from handmade silver, jewellery and sweaters to this jolly collection of Jack in the Boxes by the Jack in the Box Company. Small sizes are £9.95, medium, £14.95 and large, £19.95.

On December 5 and 6, from 11 am to 5 pm (admission £2.50) the Richmond Fellowship's annual crafts fair will be held at Peacock House, 8 Addison Road, Kensington, London W14 8DL - all proceeds to the fellowship which helps rehabilitate the mentally ill. Thousands of hand-made items will be on sale - everything from food to jewellery.



Turning to the wood craft folk

THOSE IN the Sussex area or prepared to make the journey to Lewes, will find some truly beautiful work at 14 Star Brewery Workshops, Castle Ditch Lane, Lewes, East Sussex.

There, a clutch of crafts people have workshops as well as a gallery from which they sell unique pieces. Open every day from Tuesday to Saturday, from 10.30am to 6pm, craftspeople will be holding open house today, showing exactly how they produce their wares.

Rose-Marie Yeh is a wood turner who makes marvellous decorative bowls, such as the one photographed left, crafted

from spalted beech (£60). She also produces some wonderfully original boxes, hand-carved from redwood, at prices that start at £30.

David Weeks recycles glass to produce some stunning coloured lead crystal, candlesticks, glasses, goblets, bowls, vases and jugs.

A triple rim bowl, in Delft blue, lapis blue and violet is just £38.

Mo Hamid sells her hand-thrown stoneware pottery, much of it using blue and white glazes. Influenced by Islamic Art, Continental Majolica and Dutch Delftware. A tiny jug, 5in high, is just £5.90.

Wine with a birthday twist

I ALWAYS feel that it is a great pity that around about now our old friend, The Man Who Has Everything, seems to get the very best of the presents while the poor chap who has precious little and who probably needs some serious cheering-up gets the left-overs.

So here is an idea for He Who Has Had A Lousy Year or for He Who Deserves It - a bottle of finest vintage wine to coincide with the year of his birth.

Stephen Williams, whose brainchild the Antique Wine Company is, has been collecting vintage wines from houses such as Latour, Pauillac, Petrus, and Cantenac-Brown for many a long year. So far has never been stumped. He has already supplied individual bottles from vintages as far back as 1901 to customers all over the world.

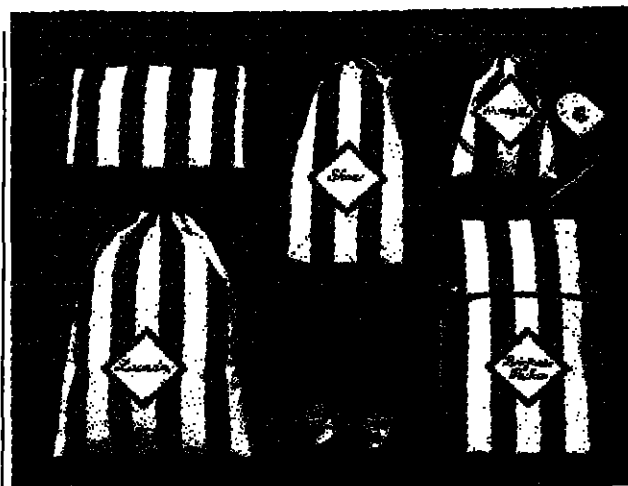
Anybody broaching the idea ought to give Stephen Williams a ring first, give him the year and then discuss with him the options and the prices.

Prices will vary according to the fineness of the wine, its age and rarity. Stephen Williams pays great attention, too, to how well it has been stored and cared for in the years since it was made.

Tasting notes can be supplied with the wines for those who are interested.

The wines are all seriously fine and frequently rare so prices are not cheap - you would need to think in terms of spending somewhere between £170 and £500. The wine comes in an important-looking box accompanied by a copy of *The Times* of the exact day of the birthday, wedding anniversary, or other celebration you choose. A splendid present for a real wine buff.

For the full wine list and further details write to The Antique Wine Company, PO 19 Albert Road, Tamworth, Staffordshire, B79 7JN. Tel: 0827-64174.



Travelling in good order

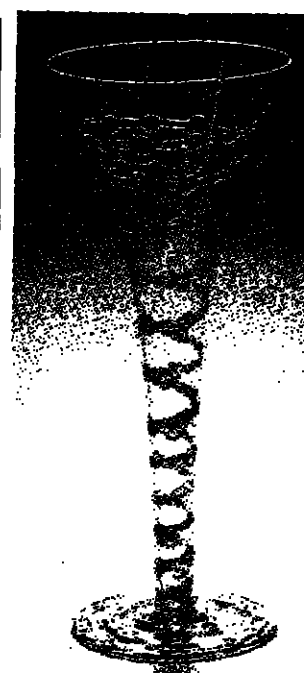
THE TRAVELLING Companion range sports a limited collection of attractive, useful travelling bags designed to bring order and tranquillity to the most disordered of packers. There are some 14 different designs, some - like the collection photographed here - aimed specifically for men, others aimed at women.

For Him there are broad stripes in burgundy and white or navy and white and the bags include designs to take shirts, shoes, socks, boxer shorts, slippers (comes complete with a pair of slippers) and laundry. The briefcase packer, seen here, is designed to hold a shirt, tie, pair of socks and boxer short

and fit neatly into a standard-size briefcase.

For Her the fabric is also striped cotton sateen but this time in pink and white or ivory and white and the range includes bags for stockings and tights, lingerie, brushes and combs, shoes and hair accessories.

Designed by Jenny Mort of Mort Sellars Designs, The Guardship, Church Street, Chiswick, London W4 2PH (tel: 061-995-0023) the range can be seen in the toiletries department in Harrods, other stockists from Mort Sellars Designs. Prices range from £14.50 for a brush and comb bag to £25.95 for a briefcase packer.



Hand-painted original glass

FUNKY STUFF is the place for wild and whacky glass, all hand-painted, all original, all the work of two young designers, Emma Kennedy and Cathy Ashley. The pair started by finding what they describe as "the perfect champagne flute" (photographed above) and then experimented in techniques for painting on glass. Now they paint anything from glass-topped tables to original perfume bottles. There are vases and jugs, tumblers and goblets, all can be painted to order and prices vary from £29 for a champagne flute to £45 for a large vase.

Funky Stuff is at 637 Fulham Road, London SW6.

Mary Fellows designs and makes original ceramics in an equally irreverent, colourful mode. Her work seems inspired by Mexican crafts. She decorates things such as candelabra, mirrors, clocks, lamps and jewellery with her sunny decorative themes. Candlesticks start at £9, a double one at £13, a clock is £95, while mirrors range from about £30 - £40. See and buy her work at Unit B4 & B5, The Wren Centre, Hampshire Farm, Westbourne Road, Emsworth, Hampshire or tel: 0243-370111 for a mail order leaflet.



BACALL

A certain animal attraction...

A READY-FRAMED picture is one of the nicest of presents.

For those whose tastes run to the nostalgic and traditional, Martin Wiscombe has produced a limited edition of 150 prints of three animal portraits painted originally by himself in the manner of 18th century English naive art.

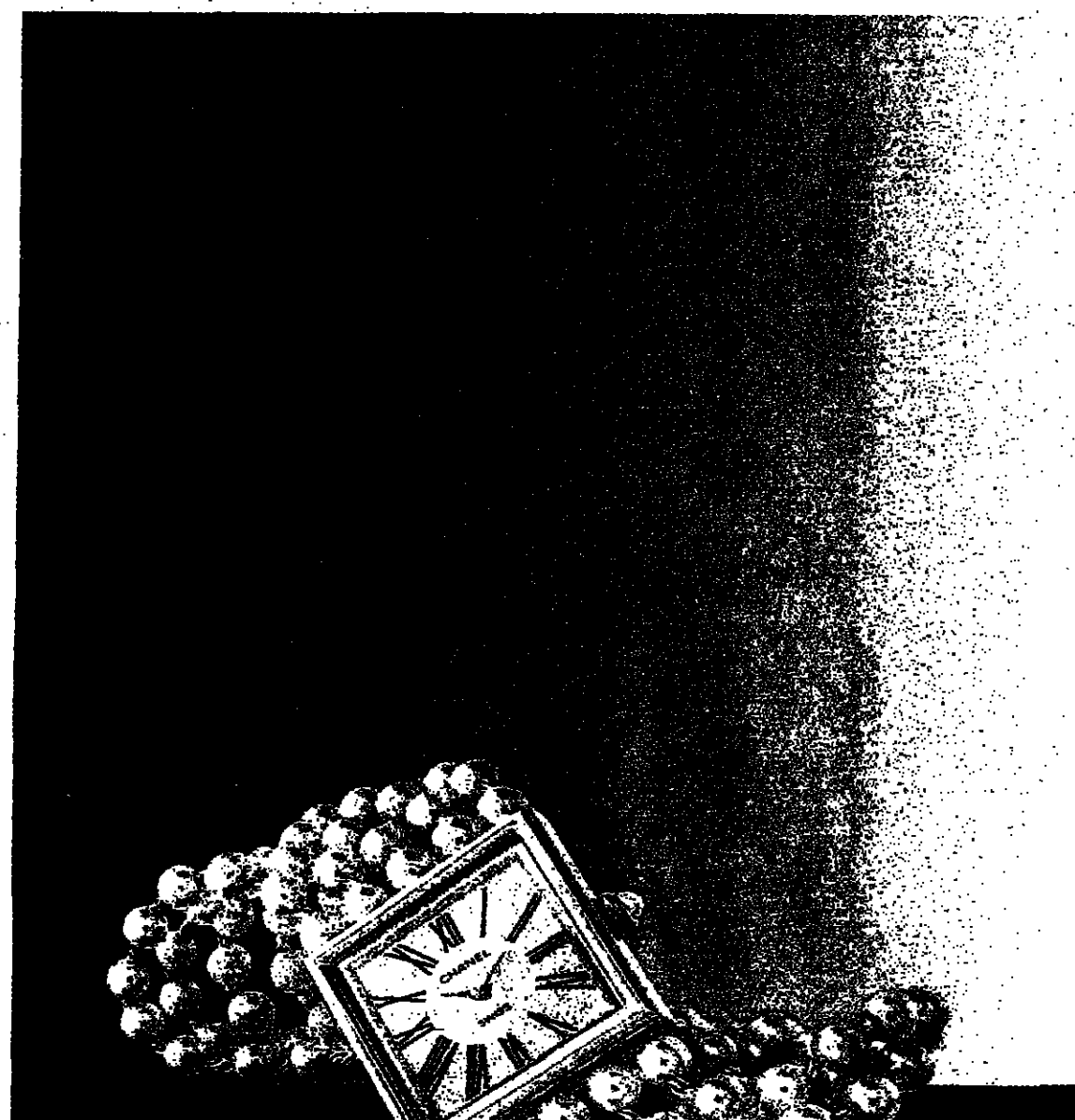
These were the sort of animal portraits of prize stock usually done as a record for the gentry and farmers in the 18th and 19th centuries.

Martin Wiscombe goes to immense trouble to ensure that the finished product looks

authentically aged - he paints in oils and acrylics on wood, finishes the painting with several layers of an ageing varnish, then finally crackle glazes them. All the frames are hand-painted and finished with gold-leaf.

Choose from *The Gloucester Old Spot Pig*, *The Shropshire Ram* (photographed above) or *The Shorthorn Steer*.

Each is £55, including the frame, postage and packing (three cost £145) and are available direct from handmade in Wiltshire, Allington House, Allington, Devizes, Wiltshire SN10 3NN. Tel: 0380-980-214.

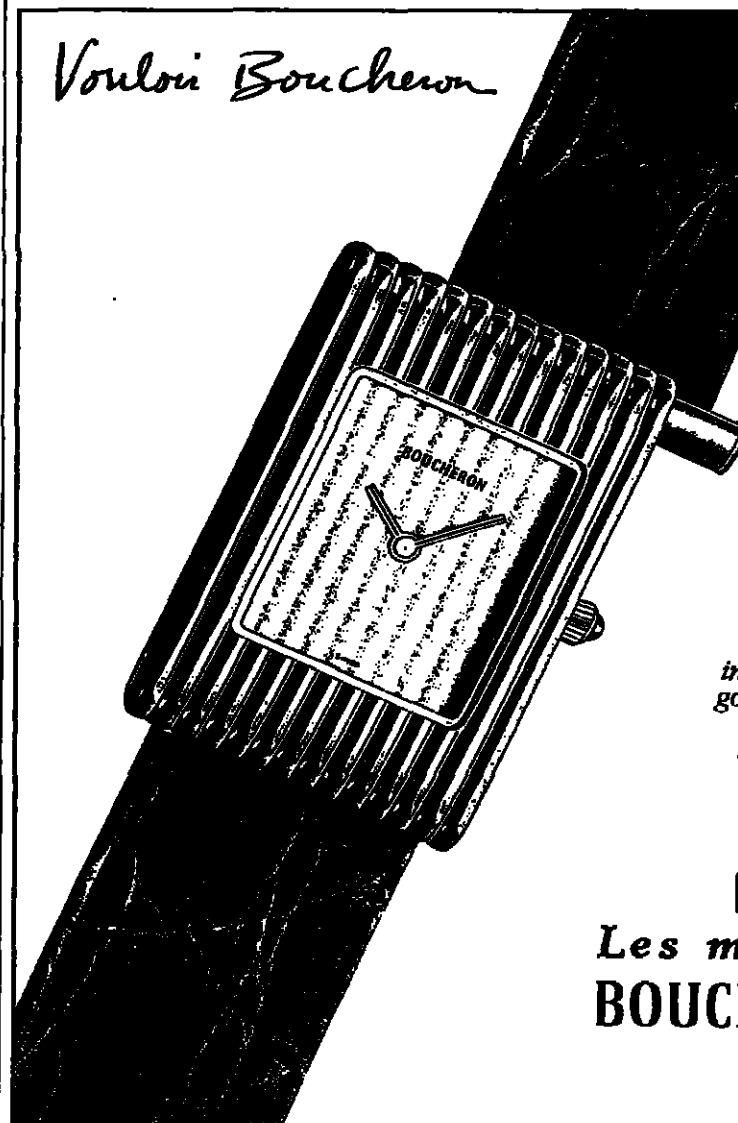


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FASHION

Queen of inspiration

Brenda Polan talks to Vivienne Westwood, the fashion world's enfant terrible



Age of elegance: Dallying with rich fabrics in autumn/winter '92

THE BRITISH like to think of the French as culturally inflexible and, in some ways, not least their chauvinism, they are. But in their concept of culture itself and what may constitute one of its vital components, they are much broader and more open-minded and experimental than the British.

So it is highly significant that it was in a modern art museum in a French provincial town last week that Vivienne Westwood received a standing ovation.

In Anglo-Saxon culture, the designer is artisan not artist and, should he or she become uppity enough to forget it, astonishment, mockery, contempt and ridicule will be the reward.

Vivienne Westwood OBE, twice British Fashion Designer of the Year (1990 and 1991), has experienced all that. She is used to it, but not inured. Highly intelligent, well-read and intimidatingly (and, according to many commentators, inappropriately) cerebral, she would say, before the British fashion industry's tardy recognition, in a bewildered tone: "I don't know why I am

not given the esteem I deserve. My clothes are wearable. They are commercial."

Yet they have never sold in large numbers and they have never made her rich (although her ideas have made others so), and even as it acknowledged her, the British fashion industry remained nervous.

It still regarded her, affectionately of course, as a creative genius whose work needs to be interpreted by a less eccentric designer before it becomes wearable. And interpreted it has been.

Vivienne Westwood is probably the most copied designer of the last two decades. Her peers, the international community of designers, are unstinting in their praise and, often, shameless in their borrowing of ideas. It was the designer Azzedine Alaïa, a man who acknowledges her overwhelming influence on late 20th century fashion, who began the process which culminated in adulation in Bordeaux when he invited her to show her collections at his premises in Paris.

The audience smiled delightedly and applauded throughout as an enormous catwalk was populated by the seminal fashion

ideas of the past two decades. First came the Let It Rock collection which dates from 1971 and her collaboration with Malcolm McLaren, creator of the Sex Pistols, and which evoked the soot-suited Teddy Boys of the 1950s. Next on was Punk (1976-79) which, with its overtones of sado-masochism, was described by Umberto Eco as "semiotic guerrilla warfare".

Then the Pirates (1979-81), trigger for the New Romantic movement of the early 1980s, swaggered on. This revived a late 19th-century cut which, instead of following the lines of the body, opposed them, creating folds and rags.

"I was interested," says Westwood, "in the effects of garments made from squares of fabric, shaped only with gussets, and how such clothes affected posture and movement. We tend nowadays to assume that people used to cut clothes like that because they didn't know any better. They did. They just liked the effect."

The Savages collection for spring 1983 pursued this theme, but looked at versions from the folk dress of other

cultures. It inspired other designers to experiment with asymmetric layering. The collection which followed, Buffalo Girls (autumn 1982), was possibly the most influential Westwood has ever done. She focused on the Indian women of Latin America, recreating their layered skirts and petticoats, their bowler hats worn on top of a head scarf, their sturdy brassieres worn over their blouses because, above all, a bra is for them a status symbol, an expensive North American artefact.

From this moment stemmed all the various experiments with corsetry as outerwear which culminated in Jean-Paul Gaultier's costumes for Madonna and hundreds of thousands of adolescents worldwide sporting Wonderbras on the dance floor.

Hobo-Punkature (spring 1983) came next, triggering bag-lady chic and the passion for prematurely aged or "distressed" clothes.

Then, with Witches (autumn 1983) Westwood presaged the return to a body-defining style of dress when she began to work with tubes of knitted and Lycra-impregnated fabrics. She continued in this fabric-led

direction with Hypnos (spring 1984) which explored the erotic possibilities of the silky, stretchy fabrics created for sportswear. Gym wear and cycling shorts became a staple of young women's daily wardrobes.

For the following autumn, she changed direction and, with the Clint Eastwood collection, supplanted Hollywood's glossy, tight-trousered Wild West with a more authentic mix of 19th century city clothes, cannibalised denim and native American pieces, mixing in a mass of 20th-century American logos.

During the following two years, 1985-86, she developed the mini-crini, in her version hooped and bell-like, swinging seductively as the wearer walked. "We assume nowadays that the crinoline and the corsetry that went with it were uncomfortable and constricting and hampered women," she says. "But people wore corsets for comfort and posture. They liked them. I liked the crinoline because it took up space, made its wearer imposing and I suspected that it felt very sexy to wear. I liked the strong femininity of the archetypal fertility-symbol shape as well."

Her next preoccupation was to be the Englishness of English style and its class associations. From Harris Tweed (autumn 1987), through Britain Must Go Pagan to Time Machine, she concentrated on tailoring, juxtaposing elements from the wardrobe of the Queen with classical draperies, boned bustiers and 1940s platform soles.

By spring 1989 and Civilized, she was in a roccoco mood, inspired by the Commedia dell'Arte and using rich fabrics, ornate decoration, a theme developed by other designers, especially Gianni Versace.

In Voyage to Cythera and Pagan 5, she dispensed with the skirt, proposing the body-suit adorned only with a gold fig leaf or stylised graffiti-like erection (to be flashed when the wearer opens her jacket). Soon everyone was going skitless.

Westwood developed her theme of clothes as definers of gender in Portrait (autumn 1990), cross-dressing her models in chalk-stripe menswear-style suits, shirts and ties and contrasting it with the Boucher-printed corsets and body suits sporting a pretty, frilled satin bodice.

With the following collection, Cut, Slash and Pull (spring 1991), she looked to the street fashion for torn and frayed jeans and related it to the Renaissance fashion for slashed clothes. The undergarments were pulled through the slashes in the overgarments, adding the age-old erotic charge of the intimate on display. "All clothes," she says, "have to be about sex. As soon as you do a new cut, you look at the body differently."

Starting with Dressing Up in autumn 1991, Westwood has, through collections called Salon, Always On Camera and Grand Hotel (spring 1992), explored two versions of glamour: the work of the great couturiers, particularly Christian Dior, and Hollywood's vulgarisation of it. "We have forgotten," she says, "how anarchical Dior was, how, with the cut and structure of New Look, he changed the relationship of clothes to the body. He spent a lot of time underneath frocks in museums, working out how they were constructed. That's my method, too."

But neither could be called copyists. "Historical clothes are, if you like, an inspiration, a starting point for experimentation. Couture is getting more and more crude because people are not experimenting enough with cut, they are not working on the body, so they recycle the same basic shapes and play only with detail. That's why people who copy me often get it wrong. They think it is a matter of detail when it is all in the cut."

Westwood trained as a teacher, primarily of art, and brought to her accidental profession (McLaren had a shop to fill and told her to fill it) an analytical curiosity which had rarely been applied to clothes before. In clothes-making, she was to discover her own credo: "An idea is pointless unless you have the technique to give it form."

She is also a natural heretic and particularly likes to quote Bertrand Russell: "Orthodoxy is the grave of intelligence."

"Conservatism leads to stagnation," she says. "Only scepticism is creative. It is the job of anyone who claims to be civilised to oppose and



Return to glamour in spring '93



Cut 'n' Slash from '91

question accepted ideas." When she filled McLaren's shop with studded leather and slick rubber and the other accoutrements of sado-masochism she explained that she was interested in the "control" of sexuality inherent in the clothes and accessories. The consensus then was that sado-masochism degrades women; just as she was later to speculate about the crinoline and the corset, Westwood wondered whether it might not, conversely, empower them.

Now, of course, is her current preoccupation with the couture of the 1950s at all straightforward. "I am into elegance now," she says. "I think, in this tasteless world, elegance can be subversive." Certainly clothing has been used politically throughout history. The couturier, however, descended as he/she is from the court dressmaker, is traditionally on the side of the establishment, of orthodoxy. It is the role of the artist, the philosopher, the writer to question orthodoxy. Perhaps that is why Westwood is so disconcerting to her domestic audience. Fortunately for her self-esteem, boosted to the point of euphoria last week, the French see things differently.

■ Vivienne Westwood's current collection, Always on Camera, stars extravagant fake furs including pink leopard, mohair coats, tweeds, elegant Dior-style suits, the roccoco corset and lace-printed denims as well as witty costume jewellery and watches designed for Swatch. From Vivienne Westwood, 430 Kings Road, London SW10 (tel. 071 352 6551) and 6 Davies Street, London W1; Smith and Westwood, Unit 2, Clayton Square, Liverpool. Pieces from previous collections at the Westwood Sale Shop, 41 Conduit Street, London W1.

ENGLAND'S GREEN AND PLEASANT DOGSTOOTH.



Every DAKS dogstooth comes from a long and distinguished line of pre-eminent dogsteeth. (Since 1933.) So when you buy a suit or sports jacket in this particularly English weave, be sure it's a pedigree dogstooth and not some whippersnapper you might find elsewhere.

DAKS

SPORT

Rugby Union

Gloucester glory fades into crisis

John Hopkins chronicles the decline of a club that has failed to keep pace with progress and faces relegation

DOWN the years, watching Gloucester play rugby at home has offered several pleasures. They nearly always won at their beloved ground, Kingsholm, and it is so close to the city centre. When covering a match there, the routine is to park in the cattle market or near the cathedral, lunch at Moran's, and then stroll to Kingsholm to see the ever-entertaining and somewhat hapless victim.

Sadly, though, this last ingredient has not been available this season. Moran's flourishes, the cathedral remains a brooding presence and the spectators are as partisan as ever. But Gloucester, for years one of the strongest clubs in England, are in crisis. In the Courage leagues, the first half of which ended last Saturday, Gloucester have tumbled to a position perilously close to the relegation zone of the first division. The division is being shrunk to 10 teams next season so four of 13 members will be relegated this year.

At the start of the season, the club seemed the likeliest relegation candidates were West Hartlepool and London Scottish, which had come up from the second division. Rugby, which had just avoided going down, and Bristol or London Irish. You would never have thought of Gloucester as being in danger. After all, last season they

were semi-finalists in the Cup and finished fourth in the league. Yet, the unthinkable has happened.

They have played six matches in the league and won only two, the second being the victory over Saracens at Kingsholm one week ago. They have four points and are equal ninth with another surprising struggle, Orrell. Last season, Orrell finished second in the league, level on points with Bath, the champions. Now, they and Gloucester hover just two points ahead of West Hartlepool, Saracens and Rugby. Tenth place means relegation.

The troubles at Gloucester began last summer when 12 men, including England star Mike Teague, left to join rival clubs. Undoubtedly, some of them were poached, attracted by offers of a better job, a car, money, or some other inducement. Gloucester officials refuse to dirty their hands in what they regard as a rather grubby trade. There is a one-sport city and there have always been plenty of good local players from which to choose. When Gloucester faced Leicester recently, every player was born within 10 miles of the cathedral.

"We will not break the rules," says Keith Richardson, the club coach. "If the RFU change the rules then that is a different matter but, at the moment, we abide by the present rules. If we do not run a centre of local excellence, who will?

Somebody has to. If others have different systems, it is up to them. It would be a tragedy for rugby union if a club like Gloucester were stifled by this sort of thing because the worst kind of people would then be in the driving seat."

Gloucester's style of play has, however, been rendered out of date by the new laws. They have always played to their forwards but forward dominated drives, moving upfield in 20-yard surges, do not work now because if the forwards are stopped and do not release the ball quickly, then a scrum is awarded to the defending side.

If there is one scene that sums up everything about Gloucester rugby club, its style of play and its supporters, it is this. Picture a night of stylized gloom at Kingsholm with rain slashing across the pitch. Gloucester win a ruck or a line-out and the ball moves to the stand-off, who hosts a steeping kick. From the 10,000 spectators comes a roar of "Glaw-ster, Glaw-ster." Meanwhile, all the forwards and many of the backs converge on the man who is trying to catch the ball.

"Gloucester used to be a club you measured yourself against," says Tony Russ, the coach of Leicester. "If you went to Kingsholm and won, that was a mark of a reasonable side. But that is no longer the case."

At times like these, of course, everything that happens is for the



Before the fall: Ian Smith (left) watches his front row, (4-4) Bob Phillips, Kevin Dunn and Peter Jones, blind in the Pilkington semi-final. Only Smith was in last week's side

worse. Gloucester could have beaten Leicester in September. In spite of having a player sent off, they fought back from 8-22 to 21-22. Against Wasps a couple of weeks later, they had territorial superiority, only to lose 14-9. In fact, they lost each of their league matches by one score. To cap it all, in beating Saracens they lost Marcus Hanna-ford, their scrum-half, to a wild punch. They do not have a reserve. It never rains, it pours.

Even at their best, Gloucester were far from all-conquering away from home. At Kingsholm, however,

they were well-nigh unbeatable. So, although those losses at Leicester and Wasps hurt, they were as nothing compared with the home defeat by West Hartlepool, which had lost all its previous league games.

There were signs of a revival when, first, Welsh club Pontypool and then South Africa's Transvaal province were defeated. Drastic team changes lay behind these victories. Out went the entire front row - including Peter Jones, who had played for Scotland last season - and in came the front row from the second team, the United. The

team that beat Saracens showed seven changes from the team defeated by West Hartlepool.

When the leagues started in English rugby, they increased the pressure on first-class clubs. With this season's change in the structure of the leagues, which means that four clubs go down to the second division, the pressure is increased even more. Thus, Gloucester look vulnerable.

"We have always said here that as long as we can keep our own players, then we do not need to worry," says Peter Ford, the chair-

man. "But we lost 12 in the close season. It may be time to change our policy."

The leagues start again on January 9 and, in the second half of the season, Gloucester face London Irish, Northampton and Bristol away and Bath, Orrell and Hartlepool at Kingsholm. They need to win two and probably three of these games - otherwise, they will be relegated. This does not bear thinking about. But it could happen if they are unable to come to terms with the modern game - both its playing and its administration.

Tennis/John Barrett

The \$1m birthday for a player bred to succeed

IT WAS a majestic performance. Boris Becker's destruction of the world No.1 Jim Courier in last Sunday's final of the IBM ATP Tour Championship in Frankfurt - a 6-4 6-3 7-5 drubbing that spanned 143 electrifying minutes - ranks in my mind alongside Lew Hoad's 6-2 6-1 6-2 execution of fellow Australian Ashley Cooper in the Wimbledon final of 1957.

In full flight the muscular Hoad was a formidable sight, a supreme athlete whose sheer physical presence dwarfed those around him. Even with a wooden racket Hoad's strength of forearm and impeccable timing allowed him to flick his early winners with awesome arrogance. It is the same with Becker. In his thrilling semi-final against the Croatian left-hander Goran Ivanisevic that ended in a third set tie-break, his ability to return the cannonball service with interest turned a close match his way. The pace of shot from both men was quite exceptional and the lack of error remarkable. "I don't think I can play any better than that" was the winner's assessment.

But he did, as Courier will confirm. Becker's spectacular victory on his 25th birthday earned him a handsome present of more than \$1m (incidentally, Hoad's amateur prize was a silver trophy) but, more than that, it brought Boris the relief of a first big success on German soil.

Watching the emotional scenes in the cavernous Festhalle - the ecstatic German supporters singing "Happy Birthday To You", the smiling Boris holding arms aloft and turning to each corner of the arena to acknowledge the cheers, and then huffing and puffing over the candles on his huge birthday cake in the shape of a racket, then the champagne, the speeches, the awards - watching all this, I could not help wondering if I would ever witness such scenes in Britain.

It is a long time since Britain's men have given their country anything to cheer. Magnificent as Virginia Wade's Wimbledon success was in 1977, it does not compensate for the men's failure there since Fred Perry won the last of his three successive titles in 1936. No British man has won a Grand Slam title

since that year. Roger Taylor was the last British man in the world's top 10 - he was ranked equal 10th in 1970 - the first to achieve that level since Michael Sangster in 1963.

Why can the nation which runs the world's most successful tournament can no longer produce any male players to challenge the world's best? The answer can be given in three words: cricket, golf and complacency. It is a problem peculiar to Britain and, to a smaller degree, Australia.

In both countries cricket and golf are part of the fabric of society, as they were long before tennis made its appearance in the last quarter of the 19th century. In the period up to 1989, British and Australian players were the equals of their American and European cousins to whom the game was still relatively new.

With the return to normal life in 1945 tennis in continental Europe embarked upon a period of expansion that was absent in Britain where the schools devoted their energies to cricket and the wealthy turned to golf. Club tennis limped along without any large investment



Youth policy: Boris at Wimbledon at 19

in facilities. I grew up at The Hale, Mill Hill, a typical club of the 1950s where tennis was the poor relation of the cricket club. We shared a wooden pavilion built in the 1930s where there were no showers, and we played on the bumpy old grass courts or the dusty red shale.

Meanwhile Wimbledon was investing in the future, constantly upgrading its facilities to maintain its pre-eminence. With the continuing success of the Championships, the Lawn Tennis Association did nothing to promote the club game actively, beyond organising a series of county and national competitions. There was no awareness of the need to provide improved facilities or to promote the game against the claims of other leisure pursuits - particularly the well entrenched rivals, cricket and golf.

In continental Europe there was no cricket and hardly any golf. The wealthy invested their time, money and energy in building magnificent tennis clubs. It was the only ball game in town. While British tennis withered, continental tennis thrived. Here are the figures to

prove it. In Britain, with a population of 59m, there are 2,426 tennis clubs with 225,000 active members and 35,000 "rated" players who compete in tournaments. There are 750,000 club cricketers and 2.5m regular golfers. In France (with almost no cricketers and only 214,000 golfers) the figures are: population, 57m; tennis clubs, 10,000; members, 1.34m; tournament players, 160,000. In Germany (no cricketers, 180,000 golfers) they are: population, 79m; 9,380 clubs; and 2.1m members, most of whom compete in tournaments and matches. Even in the Netherlands with its 15m inhabitants there are 1,737 clubs and 750,000 players.

It is when you look at the indoor facilities that you begin to understand why tennis thrives on the continent. In Britain the 500th indoor court has just opened. In France there are 4,000, in Germany 3,948 and in the Netherlands 3,500. Now you know why there are nine Frenchmen, seven Germans and four Dutchmen among the top 100 players in the world.

If the England cricketers Ian

Botham and Graham Gooch had been born in France or Germany they would probably have become tennis players. It is the only hand-eye co-ordination sport available. That is why the Lawn Tennis Association's initiative, announced this week, to invest £63m in facilities over the next five years to bring Britain level with the rest of Europe, is so welcome. When the base of the tennis pyramid widens significantly then the top standards will rise through the natural process of competition.

The imminent appointment of a director of marketing to sell the game to the young people of Britain is another piece of welcome news. The moment a tough kid with the talent and competitive nature of a Daley Thompson decides to make tennis his chosen sport, then there is at least the chance that a champion will emerge to inspire a real tennis boom in Britain. Perhaps it is a little premature to reserve our seats at the Festhalle for the year 2,000 in anticipation of a British victory, but at least the prospect is within the realms of possibility.

SKIING

HOW DOES the thought of soaking in an ancient and genuine Turkish bath, followed by a vigorous rub-down, appeal as an alternative form of après ski? No? Well, there are other things you can do after skiing; and for those who connect Turkey automatically with silk carpets, bazaars and long, sandy beaches, it might be time to discover to the country's hidden face: its winter attractions.

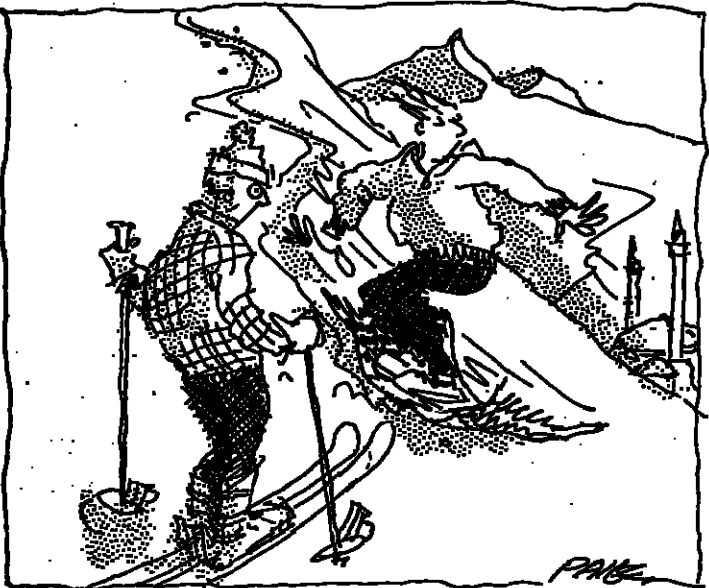
The delights of Mount Olympus, as it was known in mythology, have long been enjoyed by Turkey's rich and privileged, even though appearances tend to outshine performance. For those in the know, a few runs on the slopes, with a quick break for shish kebab, Turkish coffee and a soak in the sun, have been a popular pastime since Kemal Ataturk, the father of modern Turkey, decided that his country should join the International Ski Federation.

With its surprisingly good snow record and eclectic culture, Turkey is an intriguing ski destination but, until fairly recently, it has failed to make much impact on anyone but the natives (although most of them can only dream of affording the money or the time to indulge in winter sports).

Then, just as British tour operators started to flirt with the idea of skiing in Turkey, the Gulf war broke out and Turkish slopes seemed suddenly to be rather vulnerable. Now, its star seems to be rising. After all, how can you overlook a mountain range with 89 peaks, all over 10,000 ft and within driving distance of Istanbul, one of the world's most cosmopolitan cities?

The fascinating mixture of mosques and ski slopes is appealing and, for those who want more than just snow and *glimpses* from their holidays, Turkey provides adventures of a different kind. Uludag - "God's Mountain" - is the highest peak in western Anatolia and, at 8,476 ft, is the largest and most developed of Turkey's eight

Turkish delights for skiers



commercial ski centres. The picturesque village is purpose-built, set in national parkland surrounded by an ancient forest inhabited by bears and wolves.

The dramatic setting, combined with skiing from your doorstep and a distinct lack of lift queues, gives it many advantages over other resorts.

Thirty pistes, served by seven chairlifts and six T-bars, provide plenty of scope for beginners and intermediates and there is some

quite testing skiing off-piste, too. More experienced skiers could find Uludag rather limiting, but there is a challenging mogul field and the more adventurous can hire a helicopter to get to the summit of Mount Zivri (8,340 ft) where there is virgin snow in abundance.

One of the main attractions of Turkey as a ski destination is the chance to visit Istanbul's palaces, bridges, mosques and museums. The Grand Bazaar, with its maze of streets and 4,000 shops, never fails to fascinate, even when the strictly-observed Ramadan fast is in full swing in March. Allegedly, many Turks put on weight indulging in midnight snacks during Ramadan, by day the hungry look in the eyes of the Turks can make you feel so guilty that you want to swallow your baklava whole.

■ Ski Turkey is at 316 Reigate Road, Bromley, Kent BR1 3JN. Tel: 071-495-4168.

Music blares from loudspeakers attached to the lift pylons. You can take your pick between the likes of Vanilla Ice's hit single "Ice Ice Baby" at full volume, or traditional Turkish music, to inspire you before you launch yourself down a challenging run.

Uludag is about 140 miles south-east of Istanbul and was virtually unknown outside Turkey until 1987 when Ski Turkey became the sole agent in Britain for the resort. Even now, the slopes are practically deserted during the week when locals are at their desks trying to earn enough for the next weekend's skiing.

The resort offers lively, affordable après ski including swimming pools, an ice skating rink and a casino. There are plenty of bars and nightclubs where Turkish staff are welcoming and generous with the glasses of rakı.

At the foot of the mountain is Bursa, once the Ottoman capital and famous for its thermal baths, green mausoleum and bazaar. Most people get there by road but there is a cable car which offers breathtaking views over Mount Olympus, the Sea of Marmara, and the minarets and mosques of the ancient city which has some of the holiest sites in Islam.

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Arnold Wilson

Scaling the heights of gastronomic pleasure

ASKED for my ideal job I would have not the slightest hesitation. "To review all the restaurants in the world's ski resorts." Aside from satisfying my desires to ski, see the world and eat well, the job would also contain enough contradictions to make the finished report - and I would certainly take my time about it - useless.

For the fact is that although you can eat wonderfully well and with spectacular views during a day's skiing, some of the most satisfying meals, while being exactly what you want, are not that special.

No matter. Because they are served at exactly the right time - usually after you fall, probably more than once; failed to conduct yourself perfectly on a ski lift; or were made to look slow and old by a posse of eight-year-olds obviously born with their skis on.

Soup tastes as though your mother had made it. Pasta joins body and soul. A region's local specialties - raclette, tartiflette, rösti - justify fully your decision to have chosen that particular resort. And that is before you move on to the cakes, hot chocolate or schnapps that may see you down the last run faster than you had thought possible.

But how do these restaurants manage it? It is hard enough in normal circumstances to hire staff and find supplies and suppliers. The only apparent advantage these eating houses in the sky seem to have is a relatively captive audience.

According to Annie Schwab, who now runs Winteringham Fields in Yorkshire but who met her husband while running a restaurant above

Zermatt when he was a chef in the Swiss village, the answer is meticulous planning.

All the heavy items to the highest restaurants - wine, water, gas tanks - must go up on the "rat track" in the autumn before the snow has fallen, although helicopters are being used increasingly. "Skidoos" can take supplies to the lower places.

The rubbish and dirty laundry comes down every night in black bin liners on the "blood wagon".

Nicholas Lander on the unexpected joys of ski-resort dining

used for injured skiers.

Staff is actually not a problem as all resorts are inundated with skid-mad chefs and waiters, many from Down Under and keen to see Europe. The restaurants in the villages get the pick of the crop, however. With their main business in the evenings, the days are free for staff to ski.

Communication with the outside world - or lack of it during an electricity cut - can be a special problem. If a restaurant does not know something special is happening on the other side of the valley, it can be left with a lot of food on its hands. And any restaurateur in the sky must realise that after a *fuschti nicht* - when bars and restaurants in the village can stay open all night - he will not see many skiers the following morning.

Schwab says the food on offer in these restaurants has changed. Twenty years ago, when those who went skiing were predominantly "serious" sportsmen, lunch was a prompt invasion that lasted no more than half an hour and involved, at most, a glass of mulled red wine. Today, it can be champagne and lobsters flown in live from the south of France.

But not for me, and not just on the grounds of expense, either. Last winter in Morzine, perching gently and with my boots unclipped, I found that the pleasure of eating a local speciality cooked simply cannot be bettered or improved out of the region.

The place was Cousin Michel (tel: 50.79.15.06), a shop that sells the local hams and cheeses with a restaurant behind. After a morning's skiing we ordered the local speciality, a *vacherin rot*, without really knowing what the cooking technique involved.

They began by delivering platters of the local hams and potatoes baked in silver foil over a wood-burning oven. Then, from the pizza oven, came a whole *vacherin* - a soft, creamy cow's milk cheese - that had been roasted in its wooden box. The crusty top was sliced off and the ham, potatoes and bread dipped into the warm, runny cheese. This, with a salad and a bottle of Mousseau, the local red wine, was nectar.

On our last day I bought all the raw ingredients - *vacherin*, salami and hams - packed them in my suitcase and brought them home. I cooked them all just as I had remembered; but without the sun, snow and sore feet, they really were not that special.

CHRISTMAS FOOD AND DRINK

Burgundy: good but not great

Edmund Penning-Rowell assesses the merits of an early vintage and finds that prices are falling

AFTER AN early vine flowering and a warm summer, including a very hot August, Burgundy this year had the most successful vintage of any French wine region.

The vintage began in mid-September, a fortnight earlier than usual, and before that in the Mâconnais. A heavy day's rain on the 22nd caused little dilution of grapes that were very ripe. Alcoholic degrees were high and the red wines have very good colour and plenty of fruit. They and the whites are rather low in acidity and probably will develop fairly quickly, or that was the view of the oenologist of the Hospices de Beaune wines, in the Côte d'Or, the crop was at least a good average, but it was large in Chablis - indeed, it was described as outstanding.

To generalise early on about the quality of a vintage in the Côte d'Or and Chablis is very difficult

because of the way the vineyards are parcelled up and the deep divisions in ownership. In the Côte d'Or this year a good deal depended on the growers' and merchants' views on the necessity or otherwise of summer pruning: a recent practice in Burgundy, imported largely from Bordeaux.

Robert Drouhin, head of one of the most distinguished Beaune négociants houses, which also owns or manages vineyards, said that quality this year depends on grape thinning, as did Louis Latour - although Claude Bouchard, chief of Bouchard Père et Fils, the biggest vineyard owners in the Côte, declared it unnecessary.

Louis Latour's company thinned vigorously this year, but nevertheless made a third more Corton Charlemagne than usual, compared with a normal 150 cases.

Thinning is an expensive, expert operation and another view is that it is better to prune more severely ear-

lier in the year before the budding. It is generally agreed that 1992 will be accepted as a good vintage - good, but not outstanding such as 1989 and 1990. Marginally the whites may be superior to the reds; but it all depends on both were made. Those who restricted their yields certainly produced the best wine.

The market has not yet opened; the recession and excessive unsold stocks in growers' and merchants' cellar mean that it may not do so until at least the spring, so it is premature to quote prices. However, if results of the recent Hospices de Beaune's auction of sales of its new wines are any guide, they will certainly be down. From their 1989 peak, the Hospices' prices fell for the third year running at auction. The average price of the 567 cases of the red cuvées was Fr17,243 (£2,113); that of the 96 cases of white was Fr21,625.

Prices would certainly have been

lower still but for the frequent intervention of André Boisseau of Patriarche Père et Fils, who maintained his traditional support by buying 250 cases of the 683 sold; nearly 40 per cent of the total. Prices were also influenced by the threatened Gatt trade war. The US normally takes 25 per cent of all white burgundies exported but, significantly, there was not one US purchase at the auction.

It was a Japanese company that bought the first lot - 10 cases of Pommard Cuvée Raymond Cuyot - for Fr60,000 a case, though the second lot went for only Fr15,000. Although 110 more cases were auctioned this year the sale total of Fr11,833m compared with Fr12,853m last year: the lowest since the small crop of 1981.

Such steep falls will not be reflected in the Burgundy trade, which is active at the regional and lesser appellations level. But in the Grand

Crus (Chambertin, Musigny, Montrachet, etc) and Premiers Crus (Léonard, Nuits-St Georges, Pommard and Volnay), business is very difficult, and for these a drop of 10 to 15 per cent may be expected on the 1991 prices, though the 1992s are finer. At the end of the campaign year in August, growers' unsold red and white stocks were at record levels. They face not only cash-shortage problems, with their 1991s largely unsold they have no room for two crops.

Unless the economic difficulties deepen, the first 1992s - mostly whites - are unlikely to be on Burgundy shippers' lists until next autumn, and on growers' until they have bottled their wines. In 1994, meanwhile, until the more attractive of the variable 1991s can be selected by those merchants in the UK that specialise in burgundy, the best buys for the consumer are the 1990s, in both colours.



Auction time at the Hospices de Beaune

Best of the year's book vintage

SOME of the greatest dry white wines in the world come from the village of Puligny, a few miles to the south-west of Beaune. Yet, as Southwold wine merchant Simon Loftus Puligny-Montrachet (Ebury Press, £19.99, 304 pages) shows in penetrating detail, its prosperity has not produced the *jolie-de-vigne* that we outsiders might expect.

Instead, it is rather sad, with a declining population, vineyards 40 per cent owned by growers and companies elsewhere, fewer and fewer small independent vintners, no school, no café - and a bitter rivalry with Chassagne next door.

But this does not make the inhabitants, the *petits vigneron*s and the owners of the big domaines such as Leflaive, Chartron and Sauzet any the less interesting or agreeable; and, over a series of prolonged investigative visits, Loftus has produced a fascinating picture, sharply delineated and with a fine turn of phrase.

The book's core is of course the vintage (1988), of which he gives a vivid, engaging account based on Olivier Leflaive's, with whom he has close personal connections.

Even among keen wine

amateurs there is often a surprising lack of historical and viticultural interest in the grape varieties from which their favoured wines are made, but Harry Eyres is editing - and Viking is publishing - a useful, well-organised series of Guides to Grape Varieties (each £13.99) of which there are four new volumes: *Chardonnay* by Tim Atkin (386pp); *Pinot Noir* by Andrew Barr (378pp); *Sauvignon Blanc and Sémillon* by Stephen Brook (256pp); and

Edmund Penning-Rowell's selection of books for wine buffs

Syrah, Grenache and Mourvèdre by Weekend FT colleague, Giles MacDonogh (£22.99).

Written to a common pattern, each contains an introductory chapter in which the historical background and viticultural of each grape is fully described, with a section on the appropriate food to accompany it. It includes a gazetteer, listing the countries or regions where the variety is grown, with detailed notes on leading growers, holdings and output, a one-to-five quality rating and relative price range.

Chardonnay is the world's most fashionable grape, grown in 26 countries, yet, 20 years ago, was virtually unknown in the New World. Atkin is by no means uncritical of the frequent heavy oaking of this grape. He quotes a typical American grower as saying: "We can't make Meursault in the United States, but we can buy new barrels."

Pinot Noir is obviously dominated by red burgundy, and Barr's gazetteer includes more than 100 of the most notable growers and merchants, all examined critically. He also pays close attention to the US north-west, which provides the best opportunity to rival burgundy.

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Columbus's presence is manifested not only in statues, busts and paintings but in the Coliba cigars made famous by his

followers in the UK. In *Portugal's Wines and Wine-Makers* (Ebury Press, £19.99, 239pp), Richard Mayson says: "Among the wine-making countries in western Europe, Portugal has more untapped potential than any other."

However, as is clear from his detailed, critical account of the wine regions, they are only now emerging slowly from a peasant viticulture, based on a large number of local varieties and high-yielding hybrids banned by the EC.

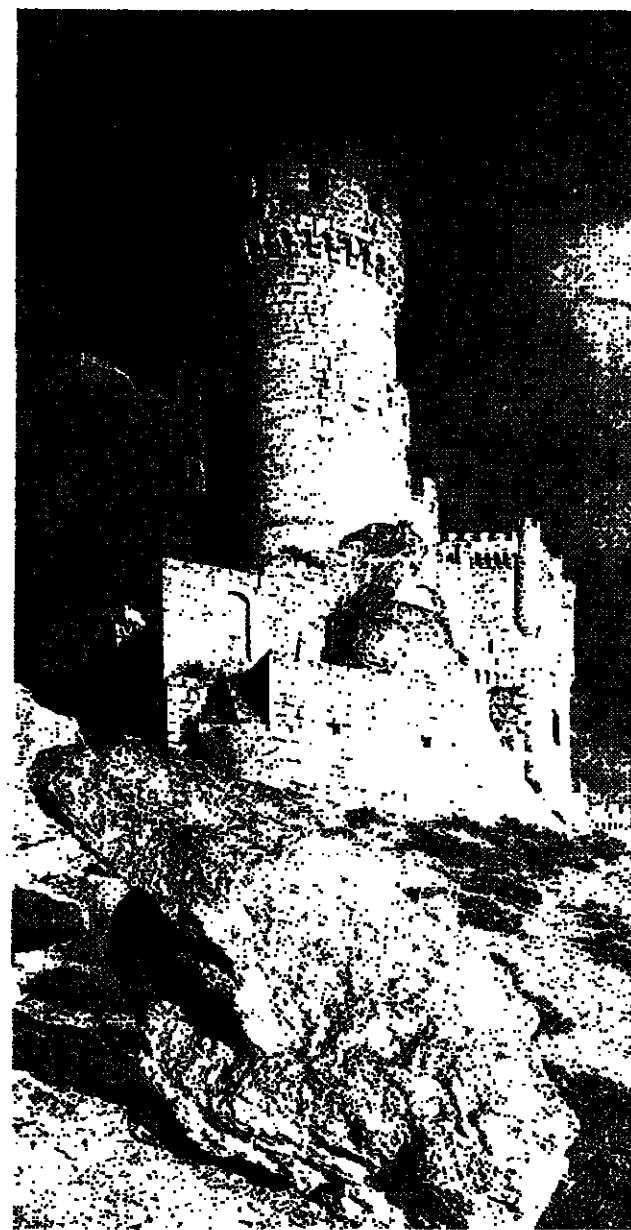
In the Vinho Verde region, 80,000 growers are farming 25,100 hectares. Yet there are growers and merchants with more advanced techniques and they are identified, and described. He also deals with port and madeira, delicious wine which, he believes, may be facing terminal decline. This is certainly the most comprehensive, well-written guide to the mostly unfamiliar, inexpensive wines of the world's seventh largest producer.

Port Wine Quintas of the Douro (Sotheby's, £25, 232pp) is not just another book about different ports and their shippers but a detailed account of almost 100 quintas (farms) that line the mountainsides of the Douro Valley which Alex Liddell visited. Although an ample index supplies all the technical data, he mostly writes about the history, the farm buildings and the way of life - until recently very primitive if not degrading for inhabitants and workers, paid about one fifth of French estate *vignerons*. At a time when single quinta wines are on the increase, this is an attractive and agreeable read. There are 71 outstanding photographs by Janet Price, who caught the severe valley between the excessive heat of summer and winter's bitter cold.

After a century of post-phyllloxera and economic devastation, the Mdl, which contains a third of France's vineyard area and produces up to half the national output, is now beginning to look up. For it has 37 AOC and VDQS wines and 63 local vins de pays - between them nearly 50 per cent of the total.

Increasingly, a proportion of these 100 varying wines, all subject to official regulation, will be found in shops, and Liz Berry's *The Wines of Languedoc-Roussillon* (Ebury Press, £19.99, 179pp) is a timely work of reference. Numerous grape varieties are described, and full technical details given of the AOC/VDQS wines, the grapes employed and the average output of each of the vins de pays. It also makes useful recommendations for the growing number of visitors to the world's largest vineyard area.

The democratic way of life and EC membership has spurred Spain to develop its huge wine resources: in vineyard size the largest in the world, but in output a poor fourth. Few Spanish wine drinkers here have any knowledge of the wines other than Rioja and Penedès but Hubert Dujf's *Wine Atlas of Spain* (Mitchell Beazley, £25, 240pp) covers the 38 districts delimited on the French model. Excellent detailed maps are provided, backed by



Peñafiel castle: from Hubert Dujf's wine atlas of Spain

comprehensive information on leading bodegas, as well as travel information about sights and recommended hotels and restaurants. The illustrations, at least one to a page, form an encouraging appendix.

As I published three issues and contributed to eight of the original 12 of Cyril Ray's *Complete Imbiber*, I should perhaps declare an interest in reviewing *The Complete Imbiber*, No 16 (Mitchell Beazley, £16.99, 132pp). Almost completed before his death last year, to the end, Ray retained his skill as a selector of widely differing items relating to food and drink. It has always been prominent in the series, and there are several examples of his witty verse.

Together, the contributions marry to conclude a multi-volume gastronomic anthology of which the earlier volumes are in steady demand.

David only shifted manufacture after a prolonged and complicated row with the Cuban authorities, mainly about money, marketing and brand ownership.

This year, Davidoff has its 16 different Dominican sizes on the UK market. These range in price from \$4.60 apiece, to its top range Anniversario No 1 at \$20, one of the most expensive cigars on the market. Its continued high prices reflect its confidence that its Dominican dash will pay off. Smokers will have to decide for themselves, but a case can be made for saying that Davidoff has bridged the gap between Havana and non-Havana.

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A guider's guide

AS A restaurant reviewer, I never lack for advice. "Go there," "Try that," "You will never finish what's on your plate there," but over the past year I have been lucky enough to receive two pieces of advice I hope not to forget.

The first came from my counterpart at the *New York Times*, Bryan Miller. "Never criticise local restaurants too harshly," he told me, "they fulfil many other roles than just trying to please the critics."

The second came, almost inadvertently, from one of London's most successful restaurateurs after his business had been lauded in a national newspaper. On the night the reviewer was in, two adjacent tables had to wait a long time for their food. The review appeared on the same day as an angry, but justified letter of complaint from the occupant of one of the tables landed on the restaurateur's desk. This strengthened my belief that to do my job properly I should scrutinise other tables as well as my own in a restaurant.

These convictions were reinforced when the last of the six 1993 guides to the restaurants and hotels of the UK, published by the AA, arrived. My spirits have never sunk so low as on the two occasions a publisher has proposed that I write a restaurant guide and working my way through these guides I am glad I declined.

Lunch in Liverpool would be lovely, dinner in Doncaster a delight - but not on the same day, a routine many inspectors have to follow. Familiarity would bring contempt and indignation.

The Ackerman and Ronay guides are so bubbly that it is almost as if there is nothing wrong with the quality of British restaurants. This is not a criticism that could be levelled at the *Good Food Guide*. Comments in the *Good Food Guide* are understatedly terse because they are trying to include so much information. *Time Out's* is aimed at the readers of its magazine and the AA's slightly impersonal voice is typical of a big organisation with an extensive data base.

Two guides have sought financial security via sponsorship, two by accepting advertising.

My strongest reaction to the sponsorship involved in the *Egon Ronay* and *Ackerman* guides is that I feel both have been done so tastelessly. Ronay's sponsorship list reads like a badly put-together menu: British pork followed by Haagen-Dazs ice cream eaten off a Wedgwood plate, the lot paid for with a Diners' Card on which the restaurant asks for approval on a Celine phone.

Cleverly, Ackerman has gone for a champagne house's sponsorship but someone has forgotten to tell the illustrator how appetising an open bottle

of champagne can look. Although Ackerman honestly details his restaurant interests, his desire to include all his many friends in the business makes him write about private dining clubs not open to the general public.

The two guides which accept advertising - the *AA guide* and the *Time Out Guide to London* - are also the most comprehensive of their kind (in the AA's case the heaviest, too). Given that the AA guide is weakest on London (not to mention graphic design and layout), these two together

Nicholas Lander goes on his armchair food travels

would make a good fit.

The *Time Out* guide is unusual, and perhaps most consumer friendly, in that it has divided its entries into cuisines - French, Jewish, vegetarian etc - not a practical option for a national guide.

The *Good Food Guide* relies strongly on readers' reports. This is a structural weakness. However, Tom Jaine, the guide's editor, is undoubtedly beginning to show his teeth and to convert the guide into something that conveys information as well as opinion.

The round-up lists are particularly useful.

The difficulty of being as up-to-date as possible is a problem that has preoccupied Richard and Peter Harden with the second edition of their London guide. In the 1993 edition, the lists and the maps are improved but in an effort to be comprehensive the guide includes details of restaurants that were not open at the time of publication.

The Hardens maintain that these restaurants are the ones most likely to make an impact in 1993 and are therefore what their readers will want to know about.

My reaction is that the restaurants which will succeed in 1993 are those which manage to please their customers regardless of pre-publicity. Who, for instance, would have predicted that one of London's most successful restaurants in 1992 would be a restaurant in Camden Town serving Belgian food? Certainly not me.

■ *Harden's London Restaurants* (£5.95), *The Time Out Guide to Eating and Drinking in London* (£5.99), *The AA Hotels and Restaurants in Britain & Ireland* (£12.99), *Egon Ronay's Celine Guide* (£13.99), *The Good Food Guide* (£14.99) and *The Ackerman Guide* (£14.99). A useful accompaniment to all these would be the 1993 *Mitchell Great Britain & Ireland Motoring Atlas* (£9.95).

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Frank Gray on changes in the Havana cigar market

1482 types are known simply as S1, 2, 3, 4, 5 or, in English, Century 1 to 5. Their lengths range from 4in to 6in inches, and their widths, or ring gauge, take a minimum 40/64th of an inch in diameter to 46/64.

These will add to the existing

six sizes which form the outer edges of the range - the Lanceros, Coronas Especiales and Panatelas at the narrower end and the hefty Esplendidos, Robustos and Esquisitos at the other. Prices for the full Coliba family range between \$5 per cigar to \$15.

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PROPERTY



The Grade 1-listed Wardes, near Otham, Kent, which failed to sell for £450,000 and is being offered by tender with a guide price of £250,000

Sellers get a painful lesson

FALLING house prices are a tender subject in Kent, despite the ever-nearer advent of the Channel tunnel. It had been expected the Channel would boost prices but this has not happened so far. Indeed, they are back to their pre-boom level of 1986/87, which is roughly half what they were only two years ago. That has been a painful lesson for sellers.

Richard Page, of Savills in Sevenoaks, cites two examples. Meopham Bank, a Regency house near Tunbridge Wells offered at £1.25m in the spring of 1990, has just been sold for £550,000. Pilgrim House at Trottiscliffe, which was sold in 1987 for £500,000, was re-sold recently at the same figure.

Then there is Wardes, a nine-bedroom, Grade I-listed medieval hall house in four acres in the conservation village of Otham, near Maidstone. It is the finest of several timber-framed houses in Otham and was restored in 1912 by Sir Louis Mallet, the diplomat. There is a mural in the living room of a stag being stalked by a hunter and a panther. It was painted by an architect, Philip Tilden, to represent "the unsuspecting income tax-payer assailed on all sides."

It now needs further restoration and modernisation. Wardes failed this summer to attract a buyer for £450,000 and the house is being offered by tender - closing on December 15 - at a guide price of £250,000. The agent is Knight

Frank & Rutley at Tunbridge Wells (0892-515-035). Having sold the Grange, a rundown, Grade II-listed 17th century house on the edge of Goudhurst (which just failed to reach its guide price of £250,000), KF&R's Robin Tillet is confident Wardes will find a buyer. "We are having considerable success in selling rundown properties at formal tender," he says. "This will be the fifth since August. I believe going to tender con-

Instead of house prices in Kent getting a boost from the Channel Tunnel, they're back to the levels of 1986/87, reports Michael Hanson

centrates people's minds, and rundown houses inspire the imagination." "Meanwhile, the recent sale of another notable property at Otham provides further evidence of the fall in prices. The 15-bedroom Gore Court House, set in 20 acres and listed grade II, came to market in June 1990 at £750,000. By the summer of 1991, the price had drifted down to £450,000. Two months ago, the property was sold at auction by Cluttons for £217,000.

Nearly 18 months ago, I reported that the owners of the 428-acre Henden Manor estate at Idle Hill, near Sevenoaks, had dropped the asking price of their beautiful 18th century house from

\$4m to \$3m because they "now have a very real desire to sell." That desire has assumed even more urgency: the price has been reduced to £2m through Savills (0732-455-651) and KF&R.

Savills also is selling the home of journalist Jean Rook, who died last year. South Riding, a six-bedroom country house in seven acres south of Edenbridge is priced at £335,000. Howard Cusney (0842-833-338) is joint agent.

"Prices have to be extremely sensible

and realistic to achieve a sale," says Anthony Brooks, director of GA Town & Country at Tunbridge Wells (0892-542-711). "People don't want to listen when we say that properties are selling at 1987 prices - or even 1986 prices."

He cites Slingshurst Park, a Grade II-listed Edwardian house in 20 acres of gardens not far from the better-known gardens at Slingshurst Castle. It was offered at £1.2m in April 1991 but now can be had for £550,000. Brooks has just completed the sale of the six-bedroom Woodlands Farmhouse in two acres near Hawkhurst for more than £250,000, reduced from its original

\$450,000. Its former barn, now converted into a five-bedroom house, is still for sale at £230,000, down from £235,000.

Simon Backhouse, of Strutt & Parker's Canterbury office (0227-451-123), explains: "We have got through the pain barrier of explaining to vendors that prices are lower." He is looking for offers around £375,000 for Tomford Manor, a Grade II, 18th century moated house in nearly six acres at Harbledown, near Canterbury, and is seeking £285,000 for the 11-bedroom Colkins, a Grade II Georgian house in almost two acres at Selling, near Faversham.

"There are a lot of cash buyers about," says Mary Grieve, of the Canterbury office of Cluttons. Acting jointly with G.W. Finn & Sons, it has just exchanged contracts at around £350,000 on Jossenblock, a Grade II Georgian house in more than two acres at East Langdon, near Dover. But Peter Bell, the Cluttons' partner at Folkestone, is still seeking a buyer for his own Grade II-listed country house, Jacques Court, near Canterbury, for which he has been asking £550,000.

Those seeking flats might, however, have better prospects - in Folkestone, at least. Says Bell: "Until 1988, we had never been able to obtain corporate rentals here, but we let 25 flats at a time in new blocks to Eurotunnel and Trans-Manche Link for their senior managers. There will be a slight glut of flats when the last people move out in 1994."

How to make life less rewarding for Burglar Bill

DO NOT spend your money on elaborate locks and bolts, whatever home security advertisements claim, because burglars say that locks rarely stop them. This is a surprising but consistent finding from a growing body of research based on interviews with burglars themselves.

But while you cannot stop burglars once they have picked your home, the same research offers clear guidance for avoiding getting chosen in the first place.

Cambridge University researcher Dr Trevor Bennett pioneered this research through interviewing convicted burglars. By discussing video recordings of houses or going for walks with them, he investigated their rationale for choosing particular homes.

"They just weren't interested in whether there were security locks, for instance, or certain types of window," Bennett says. "They generally said that they would be able to overcome any problems that these aspects of the house represented. So, beyond a minimum level of security, locks give only limited benefit."

If there were troublesome locks, for instance, the burglars said there were invariably other points for entry. As one put it: "If you want to get in, you will get in. There's no lock in the world going to stop you."

Detering them from choosing your house is, therefore, likely to be more effective. "Whether a house seemed occupied was the factor which influenced burglars' decision-making most," says Bennett. "From what they told us, effective deterrents would be things like house lights programmed to go on and off at random at night, and all the old advice about removing milk bottles and not giving cues that you're on holiday."

But the burglar also needs the opportunity to operate unseen. Anything which hides suspicious actions from view helps him, be it thick front hedges, porches, or unobstructed access to the rear of the house.

Bennett notes: "Stopping them getting round the back is very important. 'Very many burglaries occur round the back of the premises. Burglars say this is because of the cover which the house gives them."

So, gates to prevent rear access to the dwelling may be effective.

Besides blocking rear access, try making your home's exterior appear open to surveillance by neighbours. That might mean some loss of privacy but, as Bennett points out, thick hedges and high walls mean privacy for burglars, too.

Although burglars seek homes which are empty, where they can work on doors or windows unobserved, and without burglar alarms or dogs - conventional wisdom, which burglars themselves confirm, a house also must look as if it contains goods worth stealing. "Burglars make an overall assessment of the life-style of the people who live there from many, many, says Bennett.

Charles Patmore looks at ways to keep your home safer

"Rather than signs of affluence, burglars look more for care over maintenance of the property."

"Often, they mentioned recent painting and repairs to us. Their logic seems to be: 'If people care about the outside of their property, they're probably home-lovers who'll buy nice things for inside their homes as well. If they don't care about the outside, that's probably reflected inside as well'."

There is a final, crucial influence on your home's vulnerability - how it compares with neighbouring houses. "We found burglars made an advance decision to commit a burglary somewhere," says Bennett. "They would then go to one particular area and select a house just from among those dwellings. And the most attractive within that small group of dwellings would be the one that they would go for. So, targets which were difficult would be bypassed till they found something which was suitable."

Burglars say suitable houses are so plentiful that problematic ones can be bypassed with ease. As one of Bennett's informants put it: "Why bother with a house with an alarm when there are

hundreds without them?"

On this reasoning, assess your home's vulnerability by taking a stroll down your street. Make your own burglar's short-list of houses which combine good maintenance with such giveaways as concealed access to doors or windows and no alarms. If your house fails the test, then remedy the situation.

But what if everyone takes precautions? It is a pertinent question because whole housing estates are being designed where each home features every crime prevention feature conceivable.

Two years ago, for instance, ten south-east police forces launched the "Secured by Design" initiative which offers a police approval logo for new properties with sufficient crime prevention features. New estates can only achieve this logo if they protect every individual house. The overall layout must also promote mutual surveillance. Lighting must be good. Footpaths which give access along the backs of houses are excluded. Some builders even plan a deliberate age mix of residents, so there will be people around on the estate at all hours.

If everyone shares the same precautions, though, won't this cancel out their effectiveness and simply make everyone equally vulnerable? Or would burglary be displaced altogether to other neighbourhoods?

"I can't answer that with certainty," says Inspector John Houlgate, who works on the Secured by Design scheme at Scotland Yard. "It's arguable that once everybody has a burglar alarm, it will cease to be a deterrent. But, at the moment, there are enough soft targets elsewhere and I think the burglar would move to other, easier neighbourhoods."

Estates designed with anti-crime features create an uneasy, intimidating environment for burglars. Some may be deterred altogether. Others may still tackle a house, but in future avoid that estate.

"It may not deter every determined thief," says Houlgate. "But they know places where they feel comfortable and unnoticed and, conversely, where they feel the eyes of the world on them. We deter a percentage every time with every measure we take."

GARDENING/MOTORING

How to turn prose into a good mulch

EVERY 50 often, gardeners sneak off to a book of reference. It may be a good nurseryman's catalogue; it may be an informative issue of *Gardening Which?* or the excellent volumes from *Reader's Digest*, published in the 1970s. In my case, it is usually an earth-stained title by Arthur Hellyer, of which my favourite is his small *Pocket Guide*, published under the sign of *Amateur Gardening*. This year, we have another choice: the Royal Horticultural Society's *Encyclopedia of Gardening* (229.95, Dordrecht, Kluwer). The editor is Christopher Brickell, a director of Royal Horticultural gardens at Wisley, Surrey. If I say that the many contributors include Hellyer, the alchemist Jack Elliott, the tireless Roy Chesham, and the rosarian Michael Gibson, you will see that the enterprise is heavily armoured.

The publishers clearly believe that this is a knock-out blow. "For amateur and professional alike," they tell us, it is "the one and only practical guide you'll ever need to own... all you need to know about every facet of practical gardening... It is the encyclopedia to end all encyclopedias."

But on the shelves my old and trusted guides are still smiling. The new encyclopedia has a wet layer of eco-speak, nouns piled up like adjectives, gaps, inconsequen-

tial bossiness and photographic oddities. In the old days, *Amateur Gardening* was a magazine written in good English; societies of specialist gardeners had members who knew how to use words. Recently, I nodded with pleasure when the king of our travel writers, Norman Lewis, recalled that his short list of formative reading included the *bulletins of the Alpine Garden Society*. This encyclopedia is horribly written. Nouns are strung together like birdscar-

A new textbook for gardening makes grandiose claims. Robin Lane Fox finds one good use for it

ers on a line of polythene; trees are "design elements"; we are not "designing gardens or views, but we are 'designing with bulbs' or 'designing with trees'". One of the main features - which the editor might call a design consideration - is called *Cresting The Garden*. Where Genesis was reticent, the RHC jumps in. It tells us to be "creative", an idiotic word: heaven help us if we choose the wrong "cultivar". After hard days in the flowerbed, I sometimes picture the Young Cultivar, riding south in some Border Botanical Ballad with universal pannies knotted in his locks of chopped bark.

Do readers and gardeners have to flannel around with this awful word, invented by botanists who had problems about classification? The encyclopedia has more than 3,000 photographs and I must say how much I have enjoyed them. "High brick wall supports magnificent purple swathe of a clematis", but the wall is at Slingshurst. "To display dwarf conifers to their best advantage, add hedges to the planting scheme for bright splashes of year-round colour."

If this encyclopedia is all we need, it ought to mention more things which we need most in the 1990s. Protection in winter is discussed and illustrated, but there is no mention of Fibre Floeces at this point, although this water-permeable blanket has changed the game for amateurs. "Whether it is a pot, tub or windowbox, any container is a potential focal point in the garden", but why is there not a word about water-retaining crystals which have transformed the "maintenance consideration" of these popular features?

Throughout, there runs a seam of airy bossiness. The section on vegetables is the best and some (not all) of the basic techniques are clearly illustrated and described. However, about a fifth of this book is a painful statement of the obvious, often in the passive voice, leading up to cheery imperatives which command the self-evident.

"Tulips and daffodils are highly valued for the bold splashes of colour they bring to the garden in spring." Or "Containerised trees are long term features, so use containers that are durable and attractive." Some suggestions seem odd. We are invited to plant a hon-

"golden tones of gravel." I'm glad I did not pose for the snap showing how to dig with a straight back. Many of the photographs and almost all the sketches of suggested colour schemes have the look which appeal to the management at Wisley, but not to the great amateur gardeners whom history will remember for their artistry. "To display dwarf conifers to their best advantage, add hedges to the planting scheme for bright splashes of year-round colour."

I am tempted to quote the ultimate encyclopedia on cottage gardens, but the section on Restoring Old Historic Gardens seems more apt for authors or readers who fear they may need no other book. "If renovating or restoring an old and historic garden the work will vary widely... as well as surveying the site and assessing the condition of the main features (see 'Appraising the site' page 15) try to research the history and development of the garden... clearing paths, steps and other hard elements may also be helpful... unusual plants may have survived such as rhododendron cultivars... if trees are diseased or dangerous they should be removed (see 'Cutting down a tree' page 45)... lawns and other turf areas may not be beyond restoration..."

To be fair, this modern reference book does omit one valued technique: shredding the experts. If the creative aspect sections are disowned, waned paper can be laid horizontally on bare earth surfaces with fixatives and will decompose as a mulch alternative to chopped bark (see "Mulches as Weed suppressants" page 574). You never know: your cultivars might love it.



eyessuck up a Clematis armandi, although honeysuckle will try to throttle it; we are advised to plant mixed hedges of different species but "species used must have similar rates of growth. If over-vigorous species are not to dominate." Why not tell us which species grow at a similar rate?

I am tempted to quote the ultimate encyclopedia on cottage gardens, but the section on Restoring Old Historic Gardens seems more apt for authors or readers who fear they may need no other book. "If renovating or restoring an old and historic garden the work will vary widely... as well as surveying the site and assessing the condition of the main features (see 'Appraising the site' page 15) try to research the history and development of the garden... clearing paths, steps and other hard elements may also be helpful... unusual plants may have survived such as rhododendron cultivars... if trees are diseased or dangerous they should be removed (see 'Cutting down a tree' page 45)... lawns and other turf areas may not be beyond restoration..."

To be fair, this modern reference book does omit one valued technique: shredding the experts. If the creative aspect sections are disowned, waned paper can be laid horizontally on bare earth surfaces with fixatives and will decompose as a mulch alternative to chopped bark (see "Mulches as Weed suppressants" page 574). You never know: your cultivars might love it.



Sneak preview: the Citroën Xantia will be unveiled in March

First glimpse of a star

THIS IS the first officially-leaked picture of the Xantia, Citroën's upper/mid-segment car that will be one of the stars of the Geneva show in March. But while it succeeds the BX - the first of the marque that ordinary motorists, although not car buffs, took to their hearts - the Xantia is more than a mere replacement.

Citroën says the elegantly styled Xantia will compete with the Ford Sierra (and, one assumes, its successor, the Mondio), Vauxhall Cavalier (Opel Vectra), BMW 3-Series, Nissan Primera and Toyota Carina E. But to avoid a family squabble, Citroën does not mention the Peugeot 405, with which it shares components.

The Xantia, at 14ft 6in (4.44 metres) long, is bigger than the BX which comes between it. It will go on sale in France in March, with a choice of three petrol engines: 1.8-litre, 103 horsepower; two-litre, 128 hp; or two-litre, 16-valve 155 hp. Diesels will follow quickly and an estate car will come later.

The top Xantia models will have computer-controlled Hydractive suspension like that of the big XM. Cheaper Xantias will be steel-sprung, but all will have the passive rear-wheel steering system

which gives the smaller ZX models such good handling. A lot can happen in the next nine months, but you can be sure the Xantia will be priced keenly when it arrives in the UK next summer.

EUROPE'S Car of the Year 1993 is the British-made Nissan Micra super-mini. It beat the even smaller Fiat Cinquecento by 338 votes to 304.

While I picked the winner last week, I would have lost money on place bets. I thought the Fiat would be third and that the runner-up would be Toyota's Carina E. But the international jury placed Renault's Safrane executive car third with 244 votes, followed by a brace of Mazdas: the plush Xedos 6 with 124 and the 626 with 101. The Carina E trailed in sixth with 79.

As Car of the Year contests go, it was no cliffhanger. The entries were on the thin side and it was a pretty safe bet that, for the first time a Japanese car would win.

Next year, though, will be different. Among the competitors will be replacements for three of Europe's best-sellers: the Xantia, Ford's Mondio; and a new Mercedes 190.

"A tremendous accolade for

Stuart Marshall

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TRAVEL

A Moslem outpost of the Chinese empire



The pig market in Dali

There is an old Chinese saying that heaven is high and the emperor far away. In China you cannot get much further from the emperor (or rather, Deng Xiaoping), than the town of Dali in the south-west province of Yunnan, across the border from Burma.

The old town gates of Dali can be seen for miles around, rising from the plains. The town is flanked on one side by a long narrow lake, and on the other by a ridge of hills running north from a mountain called Buddha Peak. It is located on a major road junction, one branch going north to Tibet, the other south to the Burmese border. The road south is the original Burma road, which Allied lorries plied 50 years ago to supply the Chinese nationalists, holed up by the Japanese in Chungking.

Nowadays the main travellers to Dali are traders from south China, Tibet and Burma, and backpackers from Australia, Germany and elsewhere. The backpackers give the town an odd familiar air. Signs in English hang from wooden house frames, advertising bicycles for hire and eggs for breakfast.

Wearily, sunbanned travellers sit in open-air cafés nursing bottles of local beer. Women of the local Bai minority clad in vivid blue costumes and head-dresses catch you by the arm, smile disarmingly, and ask in English: "Change money?"

"When I first came to Dali, I loved it," the Cantonese who served me coffee and rolls in the café near the hotel, told me on my first morning. One of a growing number of people from south China who roam around looking for casual jobs, he had been in and out of Dali for years.

"But now everyone here just thinks about money, and there's a lot of backbiting and rivalry. As for these foreign travellers," he went on, "they come mainly for the 'dope.' In fact, drugs are not much in evidence in Dali, in spite of a growing cross-border heroin trade that worries the authorities. Nor is there much sign of the money-making fever that is gripping other parts of China.

But this remote outpost of empire has not been immune to the winds of change. In the spartan old days, I

was told, my hotel was just the Dali Number Two Government Guest House. Now it has a new name, and a new look. It is the Red Mountain Candelaria Hotel, and sports a roof with gold tiles and fresh paint on the eaves.

A huge, rambling affair, it is the best in town and good value for money. A comfortable room with bathroom and closed-circuit colour TV - no satellite dish here - costs about £8 at the official exchange rate, and on my first night a dinner of mushrooms, Yunnan bean, greens and dumplings cost less than 50p.

Dinner was served with a flourish by an ebullient chef, anxious to please his foreign guests. He turned out to be an exception, though. On the whole, service in the hotel still came socialist-style. The woman on

ing kingdom during the Tang and Song dynasties, after which it was overrun by Kublai Khan and the Mongols. One legacy of Dali's history is that most of its inhabitants are Moslem. There are two dilapidated mosques tucked away on the west side of town, both of them in the Chinese style, with a large prayer hall and an imam but no minarets.

One of them was full of old men drinking tea and gossiping when I dropped in. A sheet of red paper was pinned on the front door. Usually, in China, red paper is used for messages and slogans from the communist party. But this displayed a list of the names of local Moslems who had given money for the mosque's upkeep.

The centre of Dali's old town is a

warmth my heart.

Above the Tang pagodas on the west of Dali are fine walks in the hills. On my second day I found my way up through an Islamic graveyard scattered with Arabic epitaphs to a secluded stone pathway winding into the forest. It was like a poem by the great Tang poet Wang Wei - rather, it would have been if there had been a temple at the top. Instead, all I found was a stone wall and a space full of bracken. I assumed this was the work of Red Guards during the Cultural Revolution. Certainly Dali suffered a great deal of damage then, or so I was told by a local tea planter, who stopped me on my way up. He told me stories of his life and times, and ended up asking whether I was a Christian or a communist. (For some reason it seems I had to be one or the other.)

More adventurous holidaymakers can take boats across the lake, hire horse-drawn carriages, or hike to the many historic sites scattered around the Dali region. The only real problem with Dali is getting there. The best bet is probably the 12-hour trip on the Polish-made night bus that plies the Burma road from Kunming, the capital of Yunnan province. There are also taxis and minibuses, but the latter have to be fixed in advance.

A railway line, an airport and a luxury hotel by the lake are all in the planning stage. If and when they are built - the rail line will have to be cut through mountainous terrain - Dali's tourism industry will boom.

The town will also lose much of its present sleepy appeal. Doubtless, though, the Bai women will learn to smile even more disarmingly than they do at present.

■ Air China and Dragon Air fly from Hong Kong to Kunming. The best hotel in Kunming, where travel to Dali can be arranged, is the King World, Kunming, fax: (0871)-31910, tel: (0871)-38888. Telephone for the Red Mountain Candelaria (Hong Shan Shan) Hotel in Dali: (0872)-70427, but lines are poor and reservations best made through an agent in Kunming or Hong Kong.

Malaria has been reported from Yunnan, and some doctors advise travellers in the area to take prophylactics.

Peter Harris drinks tea with old men in Dali, in China's south-west province of Yunnan, and listens to a tea planter's stories of his life and times

the front desk was amazed by my request to have my laundry ironed (no irons). And the maid was equally bemused when I asked for my room key (no keys, other than the ones on her key-ring).

The view from my hotel window included one of Dali's four Tang dynasty pagodas, heavily restored but still elegant, and the courtyard of the public library. Each morning the courtyard filled with old people going through the slow, graceful movements of the Chinese callisthenic exercise *taichuan*.

Less graceful was the clatter of machine-gun fire that broke the calm on my first evening. This turned out to be a contingent of the People's Liberation Army on the firing range of the local barracks. The army has a high profile in Dali, in keeping with the town's frontier location. It runs a hospital - on the basis of "revolutionary humanitarianism," as the notice on the gate declares - and men in green uniforms and plimsoles are to be seen on the outskirts of town planting trees and digging ditches.

The guidebooks say Dali dates back 3,000 years. It was a flourish-

delightful place in which to stroll. Unlike most Chinese cities it is virtually free of traffic, and consists of narrow cobbled streets, secluded courtyard homes and noisy street markets.

The markets sell hats and sweat-shirts made from the local blue-dyed cloth, and cups and bowls cut from the local marble (known throughout China as Dali stone). An enterprising Tibetan has a permanent art show ("The New Year's Greeting") at the Dali museum, with oils by masters of the Yunnan School on display. Their work, better known in New York than Dali, is a cross between Miro, Gauguin and the murals on the London Underground.

Beyond the old city gates, on the outskirts of town, are the homes of the Bai people. The Bai's two-storey houses are in striking contrast to the drab brick dwellings of the local Han Chinese. Bai houses are trim and whitewashed, with carved wooden balconies overlooking well-kept vegetable and flower gardens. It is some time since I have seen an English country garden, and I must confess the sight of these gardens

Practical Traveller

Nepal beckons keen trekkers

There are many reasons to go to Nepal, but trekking is one of the best. Whether your aim is to live out macho fantasies as a latter-day Edmund Hillary or to amble lackadaisically through the Himalayan foothills, Nepal - home to eight of the world's 10 highest peaks - offers an unmatched range of options.

There are two basic types of trek. First is the tea-house variety where one follows well-worn mountain paths, staying at lodges-cum-restaurants dotted along the way. Tea-house expeditions suit independently-minded travellers who are wary of joining a group. Staying in lodges may also bring you into closer contact with the Nepalese who inhabit the mountains in surprisingly large numbers.

For the first-time trekker, going it alone effectively confines you to two regions - the Annapurnas and the hills around Khatmandu. The latter is often overlooked, but offers scenic rewards. Going to Everest alone is possible, but tricky.

About three-quarters of trekkers make for Annapurna, an area of often spectacular beauty where lush green rice terraces, yellow bamboo, white mountains and yelling children vie for your attention. Annapurna treks start in Pokhara, an eight-hour bus journey or a short flight west of Khatmandu. Flying (£40) affords magnificent views. Book early and ask for a seat on the right of the aircraft.

You will need a trekking permit (which includes a conservation fee), available from the central immigration office in Khatmandu or Pokhara. The latter is reputed to be slightly safer.

There are several Annapurna treks, the best-known of which are the Annapurna Sanctuary (9-12 days), the Jomson trek (14 days) and the Annapurna Circuit (15-21 days). You may wish to hire porters (£3 a day) and an English-speaking guide (£25). Ask at any Pokhara hotel or trekking agency.

Mountain lodges, which are fairly spartan, are unlikely to cost more than £5 including food. Accommodation is usually in dormitories (there are some double rooms) and you will need a sleeping bag. Other

essential items to take include trainers (or worn-in hiking boots), sturdy backpack, torch, medical kit, high-factor suncream, hat or cap, waterproof jacket, lightweight pullover and sunglasses.

The alternative to going it alone is to join a group, which makes it much easier to visit Everest and remoter areas in the east and west.

Expeditions with Sherpa guides and porters are generally more luxurious than the tea-house alternative. Porters carry your backpack, tents are erected for you, food prepared and tea and hot water (for washing) brought to your tent-side in the morning. Food, usually prepared on kerosene burners to avoid deforestation, is often surprisingly sophisticated.

I went with London-based Promotion Nepal (tel: 071-229-3525), which offers treks in all parts of the country. Its Classic Everest Trek (£286 for 20 days) approaches the mountain from the south, the route followed by Edmund Hillary in 1953, and ascends the Khumbu region to 18,000ft. A 28-day trek on the Tibetan border of far western Nepal works out at £1,595 per person. International flights on Royal Nepal Airlines cost a further £630.

Sherpa Expeditions (081-577-3717) grades its treks: A-types take less than eight days and can be tackled by anyone able to run for a bus, while D's (the most difficult) are for hardy souls used to mountain walking. Sherpa's Manaslu High Trek (21 days' walking) visits a previously restricted area in central Nepal and costs just under £3,000 including flights.

Other UK-based operators are Exodus (081-673-0559), Classic Nepal (0773-873497), Five Valleys Treks (0753-567617), Himalayan Quest (0296-458835), Himalayan Kingdoms (0273-237163) and Worldsway (0273-827914).

The best time to trek is October and November when the air is clear and the vegetation lush. December to February may be cold at high altitudes. In spring you need to go quite high to get above the haze. Monsoon time (June to late-September) should be avoided unless you like leeches.

David Pilling

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BOOKS

My Book of The Year

Our reviewers choose the books they have enjoyed most, published this year.

I CHOOSE Robert Skidelsky's John Maynard Keynes. The Economist as Saviour 1920-1937 (Macmillan, £20.00). It is the second volume of the life of one of the most influential economists and civilised figures of the 20th century. Like its predecessor, it is admirably written and based on massive, though unobtrusive scholarship. The "official" biography by Roy Harrod came out in 1951 five years after Keynes's death. It was a splendid book. But the lives of great men need to be reassessed at intervals. Fifty years is not too long. Much can be said today, especially about Keynes's sexual life which Harrod felt he could not reveal then. "Keynesianism" has latterly been under a Thatcherite cloud but there are signs that it may be lifting. This is not only a wonderful portrait of a man often described as "the last great liberal". It is also remarkably topical.

Robert Blake

TO ALL those baffled by the mindless savagery of the present civil war in what was Yugoslavia, I warmly commend The Making of Eastern Europe by Philip Longworth (Macmillan, £40.00). He is of course not solely concerned with Yugoslavia. His aim is to trace the pattern in a complex ethnic carpet spreading from the Baltic to the Black Sea; and to this end, he has adopted the unusual method of working back from the present to the past, to those early Christian centuries in which unfortunately, the seeds of so many later conflicts (e.g. between Orthodox Serbs and Catholic Croats) were sown. This may seem a cumbersome procedure, but it has resulted in a first-rate piece of historical analysis; and I find Professor Longworth's comments constantly illuminating, on a region of Europe which I had up to now thought I knew reasonably well.

Erik de Mauny

I CHOOSE Humphrey Carpenter's Benjamin Britten (Faber, £20.00). The author trains his well-focused biographer's beam upon areas of the life previously preserved largely in shadow. In doing so he manages to raise many thorny questions (almost all of them incapable of clear answer, he readily admits); in particular, it is the speculation about whether the composer was sexually abused at school, and to what degree his fondness in adult years for young boys amounted to paedophilia that has already caused the book to be so widely publicised. But this is not the reason why Carpenter's Britten is so completely engrossing. Lucidly laid out, judiciously



The Duc de Berry entertains his priestly guests at a formal feast - from "The Medieval Cookbook", one of the books of the year

balanced, it never allows the reader to forget that Britten is one of the geniuses of music - which is why all the questions arise, and are worth grappling with, in the first place.

Max Loppert

MY CHOICE is The Granta Book of the American Short Story edited by Richard Ford (Granta Books £16.99) because it is at once so idiosyncratic and so pleasing - idiosyncratic because it ignores the whole history of the American short story up to the Second World War and pleasing because it keeps its eye on the object. Ford starts with most of the well known names from Paul Bowles through Flannery O'Connor to Donald Barthelme, but the real hero is Raymond Carver, whose contribution, embedded in the middle of the collection, is a sombre masterpiece.

Geoffrey Moore

HOW CAN an author control his reputation after he is dead? Should papers be kept or destroyed? Should the will bind the executors or give them discretion? Ought the widow to have a veto? I much enjoyed

Michael Millgate's Testamentary Acts (Oxford, £27.50), a wry but understanding account of how four famous writers prepared for the immortality of biography. Browning left too many decisions to his son, Tennyson foolishly believed that a pious commissioned memoir would pre-empt the public's curiosity. Henry James spent years carefully reinterpreting his early life with the benefit of hindsight. Hardy's friends preferred the nation's wishes to his own. From these and more modern examples (including Auden, Eliot, Maugham and Larkin) Millgate explains the techniques of literary myth-making and how they can be rumpled.

William St Clair

BRONCHIAL asthma is beastly - volcanic sneezes, hacking coughs bouncing back from rock-hard lungs, even newspapers are almost impossible to read. A book-loving friend always bombards me with the latest paperback in the hope - usually forlorn - that one might hook me. This year he succeeded with the paperback of Julian Critchley's Hung Parliament (Headline, £4.50). The first paragraph,

often the furthest frontier I reached when asthmatic, pushed me on. I was gripped. I read it through non-stop.

J. H. Plumb

IT HAS NOT been a year for reading new books, other than those connected with my own subject, let alone buying them as a means of outlasting the recession. I did, though, enjoy Miranda Seymour's study of Ottoline Morrell: Life on the Grand Scale (Hodder & Stoughton, £25.00). But nothing could rival returning for the umpteenth time to Randall Jarrell's Pictures from an Institution, which really is the Great American Novel, and makes life better.

Clement Crisp

NOBODY ELSE even reviewed it, that I ever saw, but the book I most enjoyed this year was Pettibone's Law (Bloomsbury original paperback, £3.99) by John Keene. It is a first novel by a former US fighter pilot, set in Vietnam and written very much in the spirit of Catch 22. Better books may have been written about the absurdities of Vietnam, but if anybody has ever written a funnier one, I have yet to come across it.

Nicholas Best

IN THESE days of dismal European news, I found Endre Carles' A Wild Herb Soup: The Life of a French Country-woman translated by A.H. Goldberger (Gollancz £6.99) a rich and life-restoring brew. A peasant-teacher who lived most of her life in the mountains around Briançon, in south-eastern France, Mme Carles chronicles through her own life story, (1900-1979) the impact of two world wars on a peasant community. Her autobiography reveals more about the complex politics of inter-war France than most historical accounts. The translation almost catches the full flavour of the French original.

Zara Steiner

IT IS sometimes too tempting to nominate an obscure volume which no one else has spotted. This year - in utter contrast - I am happy to admit that for me from the first pages the great book of 1992 had to be Michael Ondaatje's novel The English Patient (Bloomsbury, £14.99) which as I said at the time on this page, is a masterpiece and had to be the Booker prize-winner. The judges half-agreed with me. I stand by what I said and urge sceptics of the Booker brouhaha to give this one the attention it deserves.

J.D.F. Jones

I ENORMOUSLY enjoyed the account of one of this century's most famous literary love affairs, that of W.B. Yeats and the Irish revolutionary Maud Gonne, as told through their own correspondence in W.B. Yeats & Maud Gonne: The Gonne-Yeats Letters 1893-1938 (Hutchinson, £25.00). This 50-year-long romance and friendship had everything: longing,

rejection, passion, renunciation, rancour, envy, idealism, all set against a backdrop of extraordinary literary energy and political engagement.

Jackie Wullschlager

MY CHOICE is The Medieval Cookbook by Maggie Black (British Museum Press, £14). This is much more than a collection of recipes, 80 of them that range from the Saxons' basic fare, frumenty to such delights as rose pudding made with rose petals. But the volume's real point and joy lie in the social history it contains: its setting of the medieval scene, its literary asides, its magnificent illustrations, and its views on such topics as deputation, medicines, dress, pilgrimages, bee-keeping, life in general.

Isabel Quigly

FOR SHEER volume of fine writing enclosed within a single cover, you cannot beat The Granta Book of the American Short Story (Granta, £15.99), edited by Richard Ford. Forty-four of them, most good, more than a few great, all of them demonstrating that the short story is alive and well in the US. And do not let Ford's modesty in not including one of his own stories fool you - they rate with anything on offer here.

Stephen Amidon

FITTINGLY in this Year of the Danes, far and away the best book I have read celebrates a great Danish artist, Poul Vad's Wilhelm Hammer-shot and Danish Art at the Turn of the Century (Yale University Press, £45). Vad is a scholar who writes about paintings with a brilliance and delicacy foreign to most art-historical monographs. From the first page, we are swept along by Vad's intense commitment to fathoming the mind of a creative artist. And what an artist! Hammer-shot, who died in 1916 at the age of 53, is often called "the Danish Vermeer" - although there is more to his genius even than that. For the pictures alone, then, this is a covetable art-book. But read it, too, for Vad's portrayal of a melancholy Danish genius who, his face always turned against the prevailing wind, must now be seen as an artist of truly European stature.

Patricia Morison

THE 1992 book which I expect to be still taking down from the shelf 10 years from now is Sex (Secker & Warburg £25.00) by Madonna. Like The Sex Pepper LP it is a striking departure in concept: 14 inches by 11 with a spiral back and brushed metal covers, it depicts a sexual odyssey - well, all right, a sexual eclecticism - in photographs, accompanied by personal jottings. Some parts are mannered, naive or embarrassing, but others are funny, honest and arousing. Some of the photographs are superb (the "Botticelli Venus") some hilarious (the straddled fish fountain) and some erotic (the full page

story unravels of exploring the Libyan Desert before the War. The story is rich in coincidence and disaster, sparsely told. But is not cruel, just unsentimental. Endless moments of truth make it a must for all who have travelled in hard places and wondered why they are there.

Gerald Cadogan

THE BEST novel to come my way this year was Death and Nightingales by Eugene McCabe (Secker & Warburg, £13.99), a dramatic masterpiece and a lesson in verbal economy. It transports you bodily to Fermanagh 1888, and kindles a curiosity that will keep you up all night. The religious divides of Ulster are brought vividly to life, giving the reader a fresh understanding of the continuing conflict. I expected it to be an obvious front-runner for all the major prizes but as far as I know it has consistently escaped notice.

Alannah Hopkin

I AM addicted to books on the visual arts and architecture. And some subjects seem inexhaustible: so it is with Monet, about whom so much has been said, written and shown; how can we bear any more? But there is more, and I cannot imagine how we have done without it: Virginia Spate's The Colour of Time: Claude Monet (Thames and Hudson, £38.00) a decade in the making, and dazzling in the result. Spate has produced an enormous synthesis of political and cultural history focused on the immense oeuvre of one seminal artist in his time.

Marina Vaizey

I BECAME addicted to David Lodge's The Art of Fiction (Penguin, £5.99) when it was newspaper-serialised; now here is the book. Lodge tells us everything we ever wanted to know, but were afraid to ask structuralist friends, about the tics and tropes of the novelist's art. Deftly and readably, the book roams from allegory to stream-of-consciousness via aporia, metafiction, time-shift, suspense, magic realism and 40-odd other headings. Here is scholarship made human, and illustrated with chunks of great writing from Fielding to Fitzgerald. There has been no better populist study of fiction since Forster's Aspects of The Novel.

Nigel Andrews

THE DIFFICULTY, painful, tedious enterprise of observing friends dying from AIDS has hurt the poet Thom Gunn into writing some of the most vital

poems of his life in The Man with Night Sweats (Faber & Faber £11.99 or £5.99 paperback). It is the most powerful collection of new verse to have been published this year. Gunn has not been a poet who has ever worn his heart on his sleeve; for many years he seemed all too content to describe emotions in the abstract. The 1980s ambience and San Francisco, where he has lived for the past quarter of a century, loosened his tongue and his feelings. The sequence of elegies to dead friends, all named, with which the book concludes, not only stares death in the face unflinchingly, but also reminds us that for Gunn, an out-and-out hedonist, there is no alternative to the lures and the delights of the flesh. Dead or alive, its a hard road - but there is no other.

Michael Glover

NOT ONE of the political memoirs or biographies, although there have been several good examples this year, but a book by a politician turned reflective: Denis Healey's My Secret Planet (Michael Joseph, £16.99). Healey describes it as an attempt to explore his inner life. It consists of extracts from writing that influenced and moved him, plus commentary. The writings are diverse. Healey says that among his favourites are Wordsworth, Keats, Yeats, Auden, Virginia Woolf, Turgenev and Emily Dickinson. Yet you will also find extracts from the memoirs of Ellen Terry. There was always a reflective side to Healey; his reading and his memory are prolific, not only in English. It is good to find him enjoying himself and finally shedding the reputation of the old bruiser. He ends with lines from Frazer: "This busy, vast, enduring Soul/Brooks no Control/'Tis hugely curious too."

Malcolm Rutherford

MY BOOK of the year is a provocative piece of political incorrectness entitled The Seven Fat Years and How to Do It Again (The Free Press, £15.99), a brilliant defence of President Reagan's 1980s supply-side economic reforms by Bob Bartley. He points out that in the seven fat years in which American real GNP grew 31 per cent, 18 million new jobs were created, charitable giving increased, and the tax burden on lower income groups fell and their real incomes rose compared with the previous half-decade. At a time when the best lessons of the 1980s threaten to be completely unlearned, Bartley's book provides a seasonal pick-me-up for supply-side fogies everywhere.

Mark Archer

AMONG the books that most significantly alert and instruct us this year are Edward de Grazia's Girls Lean Back Everywhere (Constable £19.95) about censorship and the arts, and Helena Kennedy's Eve Was Framed (Corgi and Windus, £16.99) about the difficulties experienced by women in conflict with the British criminal justice system. But for my prime selection I nominate P.N. Furbank's Diderot (Secker and Warburg, £25.00), an insightful study, by an outstanding man in an outstanding age. Wide learning is gracefully purveyed in this account of admirable endeavours and ideals - a discerning reader's delight.

A.C. Grayling

I HAVE a soft spot for novels like E.M. Forster's The Longest Journey that recreate the period when an individual takes his first heady steps of adult freedom at some college or university. It is a time of life when the ultimate questions that have perplexed thinkers throughout the centuries coincide with a continual pondering of more immediate amorous prospects; the two trains of thought merge together intoxicatingly in a painful wonderland. Donna Tartt has, in her first novel, The Secret History (Viking £15.99) made a glowing addition to this genre. I am happy to give it my accolade in return for the happiness it gave me. Her Vermont colleges and their classics tutor-guru are uncompromisingly elitist cultural snobs, some of whom have far too much money for their own good. They are utterly ruthless beneath the surface charm. They represent everything we are taught nowadays not to admire. Was it because of that I adored it so much?

Anthony Curtis

LITERARY COMPETITIONS

SET BY ANTHONY CURTIS

Here once again are our annual Weekend FT books page competitions to test your literary skill. Anyone - apart from members of the staff of this newspaper and their families - is eligible to compete in either or both of the competitions.

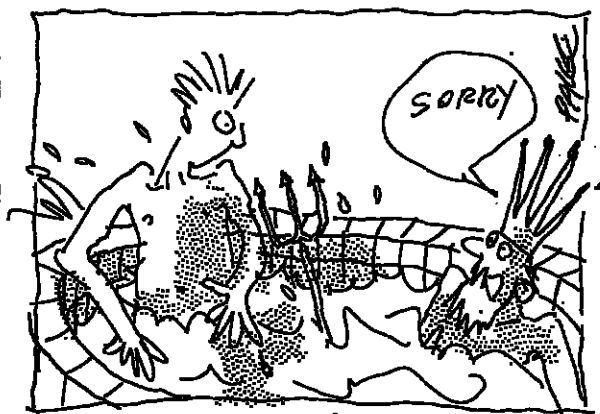
CLERIHIEWS CON BRIO

The Oxford Dictionary defines a Clerihew as "a short comic or nonsensical verse" - so-called after its inventor Edmund Clerihew Bentley, author of Trent's Last Case and other classic crime fiction. A clerihew's subject-matter, the dictionary continues, is "professedly biographical" and metrically it consists "of two couplets, differing in length."

Here is an example:

Claude Debussy
Set in his Jacuzzi
Humming an air
From La Mer.

You are invited to invent clerihews about musicians, composers, conductors, singers, instrumentalists, alive or dead. The more the merrier.



RIP
The death of Prince Hamlet at the age of 29 will come as a severe blow to his many friends and colleagues. The Prince met his death as the result of a fencing-accident at Elsinore Castle, the details of which are still far from clear... etc. etc.

Obituary-writing is one of the few flourishing growth-industries. Try your hand at it by sending extract(s) of not more than 150 words from the obituary of any fictional character.

Entries (which may be faxed, 071-407-5700) should reach this office not later than December 15. Send them marked Lit. Comp. To The Literary Editor, The Financial Times, 1 Southwark Bridge, London SE1 9HL.

The usual generous prize money will be shared among the winners. The results and a full report will be published in the Weekend FT on January 2, 1993. The judge's decision is final and he cannot reply to any correspondence about the competitions.

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كتاب السنة

ARTS

Before and after Munch

IT IS dangerous but irresistible to generalise on national, even pan-national character and sensibility. We tell ourselves how unreasonable it is to expect two people, let alone millions, to act and think and feel alike, and yet we happily go on as though Latin volatility, British phlegm, or Gallic charm were established, concrete, verifiable facts. And here we have *Border Crossings* at the Barbican doing just such a thing, bringing together the work of 14 artists from the five Nordic countries, from the late 19th century to the present, to see what, if anything, they have in common.

Tender is the North, the umbrella title of the current festival in London of the arts in Scandinavia, addresses by direct contradiction the similarly generalised assumption that the far North is dark and dreary, its peoples gloomy and angst-ridden. And here within it, *Border Crossings* oddly sets out to prove the opposite, that the prejudice might well be truth. The show does not start with Munch, but it presents him in strength, and what with the fine exhibition of his work of the 1890s, "The Frieze of Life", running at the National Gallery, which I reviewed last Tuesday week, it is a prejudice hard to gain.

Whatever we might have to say about his work, Munch was, to say the least, emotionally unstable, most especially through the 1890s and 1900s, ending up in a sanatorium. And he used his work in this period as the direct expression of his problems, if not their therapeutic resolution, taking on the universal subjects of love and sexuality, death and despair. The difficulty is that, in the arbitrary way of international reputation, Munch has been celebrated not

merely as Norway's, indeed Scandinavia's greatest artist in the modern period, but virtually its only one. What a model by which to set a general character.

He did not spring fully-formed from nowhere, and the northern schools of the 19th and early 20th centuries remain grossly neglected by the world at large. Within Norway alone, Christian Krogh especially, who was Munch's teacher, and such artists as Munthe and Thaulow and Harriet Backer, deserve far wider recognition. Krogh, indeed, directly and splendidly anticipated Munch by some 15 years in common.

William Packer reviews the Scandinavian exhibition at the Barbican

In the subject of the sick girl. But even so, that working context was one broadly of social-realism and domestic genre painting, with the sophistication of a romantic Impressionism creeping in. Munch, in the directness and freedom of his technique, and the psychological intensity he brought to his treatment of his subject-matter, was certainly far more radically advanced. Yet even in this respect, he was never entirely on his own, which is the premise of this small but intriguing show.

Its subject is effectively the emergence and continuation even to the present day, of an expressionist tradition in the northern schools, more particularly a romantic expressionism as much founded in a response to landscape as to any human drama, and inclining ever more towards abstraction. The first of

the artists is Carl Fredrik Hill, a Swede, with a series of surreal and symbolist drawings of dubious beasts and figures, and some exquisitely rich yet simple landscapes, romantic in their desolation. Then comes Munch's friend, the writer, August Strindberg, whose wild sea and sky-scapes come as close to an emotional and expressionist abstraction as anything of so early a date.

So the show continues, more or less chronologically, by way of Munch, then Kjarval (Iceland), Weie (Denmark), Sallinen (Finland), Jörn (Denmark), Lundquist (Sweden) and others, and so on to the present generation with Per Kirkeby (Denmark), Jensen (Norway) and Marika Makela (Finland). These last are all abstract painters, but their work is fraught with landscape or organic associations. Here Sigurdur Gudmunsson (Iceland), is technically an odd-man-out, though not in spirit, working playfully in the landscape, with the photograph at once record and resolution of his intervention.

Iceland is strongly represented in this exhibition, as in the festival at large, to an extent remarkable for a national population no larger than that of Plymouth. That presence is further confirmed by a programme of exhibitions and events elsewhere in London, that continues until December 15, under the title of *Art from Above*, notably an extensive group show of painting, craft and sculpture at Butler's Wharf, SE1, just downstream from Tower Bridge.

Border Crossings: 14 Scandinavian Artists: Barbican Art Gallery, until February 7, as part of the festival of Scandinavian Arts, Tender is the North.



'Out of this world - After Ensur', 1962 by the Danish artist Asger Jorn

Off the Wall/Antony Thorncroft Cork Street puts on a merry face

THE TURNER Prize fulfils one of its major aims in getting contemporary art, and the Tate Gallery, widely discussed, usually unfavourably. Much of the criticism is blinkered, but as the sculptor Grenville Davey collected his £20,000 on Tuesday night you could not help wondering whether the clique behind the Turner was even more blinkered. All of the last five winners have been sculptors, with four coming from the same gallery, the Lisson.

Nicholas Logsdail, who runs it, has been largely responsible for the currently excited global reputation of British sculpture, but there must be other developments in art happening in the country. Most people have an old fashioned idea that art has something to do with paint: it would be nice if an artist working in this medium was given a look in, among the short list for starters.

It might also be a good idea to choose a work of art that a private collector could buy: most of the previous winners, like Davey, produce art aimed at museums. It is vast, public, didactic, impersonal. An opportunity for change is presenting itself. Current sponsors of the event, Channel 4, seem set to withdraw after 1993. A new sponsor, a new set of guidelines, a new type of winner?

In the meantime grab your Davey, still modestly priced at £28,000-£20,000. Logsdail took ten calls on Wednesday from potential buyers.

This weekend London should offer an extraordinary sight - people in Cork Street. This brief West End thoroughfare has become synonymous with the modern art trade, and modern art dealers like to be away to their country cottages by lunch time on Saturdays. But pressure of events, namely a severe shortage of customers, has encouraged them to stay open through until Sunday evening, just this once.

All 16 galleries will be offering a bewildering array of art, from the pop screenprints of Roy Lichtenstein at the Mayor gallery, which has been in Cork Street since 1933, to the aboriginal art at the street's latest occupant, Corbally Stourton. In between there is a figurative, traditional "Sickert and the Theatre" show at Browne and Darby; Sean Scully and a whole host of moderns at Leslie Waddington's four Cork Street outlets; and so much more.

Cork Street is putting on a merry face partly because dealers are sick of sulking in lonely galleries waiting for the occasional browser and are going on the offensive; and partly because it feels it gets an unfairly bad press. "Cork Street" is used as shorthand for the art trade, which is going through its worst recession for 60 years. But the Cork Street dealers, a varied and quite friendly crowd, are faring better than most.

Only three galleries have disappeared and two were immediately replaced. Two of the three went because the owners, Kasmin and Nicola Jacobs, got

fed up with excessive business rates and preferred to trade privately. Odette Gilbert just folded, but her gallery has been taken over by an art book shop, Atrium. In terms of numbers Cork Street is just one gallery off its peak.

Most dealers reckon that trade has picked up since the devaluation of sterling, especially those who cater for a mainly foreign clientele. Will Darby, for example, has just sold important sculptures by Henry Moore and Barbara Hepworth. Significantly he was handling both on consignment for the owners; significantly both went to the Tate - museums are still buying in a modest way. Other dealers confirm that there is now a trickle of business.

For Leslie Waddington the trickle has almost grown into a rivulet. In the last month he has sold £2m worth of art, including paintings by Léger, Dubuffet and Rauschenberg. But, perhaps ominously for the future of Cork Street, the great majority was sold at Fairs in Paris and Hong Kong. Wad-

This brief West End thoroughfare has become synonymous with the art trade

dington has already signed up for eight overseas fairs in 1993.

Waddington moved quickly to adapt to hard times, and over the past two years has written down the value of his stock by 35 per cent, which he reckons is the rough fall in the value of modern art. He has saved on staff and other costs. As a result he expects to break even in 1993, and to return to profit in 1994. The devaluation has prompted the change. A painting priced at £200,000 cost \$400,000 (the art world deals in dollars) in the summer, and only \$300,000 now. Hence the flurry of trade.

But it is as little to do with Cork Street, which is rapidly becoming two market places. One group of dealers concentrates on regular British buyers (many of whom, in the good old days, spent their Lloyds of London dividend on art), while the others sell overseas. While business rates remain around three times higher than in comparable art centres like Paris, a dealer like Leslie Waddington, most of whose sales are overseas, must be asking whether he really needs four outlets in Cork Street (plus one round the corner in Clifford Street).

There is another worry overshadowing the Open weekend. The Government seems intent on imposing 17.5 per cent VAT on the work of living artists sold in the UK as against nearer 7 per cent VAT levied on artists in Germany and France. For Cork Street, it is another unnecessary cost increase and part of a vendetta against the art world, apparent in the unsatisfactory budget negotiated by the Heritage Secretary, Peter Brooke, in the recent expenditure round. So go along to Cork Street this weekend and cheer up the depressed dealers.

BY 1802, the year in which Wordsworth wrote his great "Ode on the Intimations of Immortality", the notion that children were a unique species deserving of attention in their own right, and not merely dwarfish adults-in-the-making, was already in popular currency. And what better as a means of educating this species than books with pictures in them?

The publishing of children's books with accompanying illustrations began in earnest in the 1840s and accelerated as the 19th century moved towards its close. Sophisticated methods of using engravings beside printed text were invented and refined; and the middle decades of the century saw the appearance of three great talents who were to revolutionise the world of illustrated children's books: Hans Hoffman in Germany, whose *Struwwelpeter* of 1845, a ferocious tale originally devised for some hapless, cowering three-year-old, was rapidly translated into many other European languages, including English; Edward Lear, that morose painter of bird-life, whose nonsense rhymes were first published in 1846; and the Rev Charles Dodgson (better known by his pen name, Lewis

Illustrating 'Once upon a time'

Michael Glover reflects on the story of children's picture books

Carroll), the Oxford logician, whose partnership with the successful professional caricaturist (of Punch), John Tenniel, was to produce perhaps the greatest illustrated children's classic of all time, *Alice in Wonderland*. And then, as the capacity to print in colour developed, other great names appeared: Caldecott, Crane and Potter, for example.

Some of the finest achievements in children's book illustration, spanning the period from 1840 to the present day, are on display at the National Gallery of Scotland until the end of December and they demonstrate how haphazard the process of writing and publishing books for this untested market must have been. So much seems to have depended upon relationships between illustrators and particular children, for example, Beatrix Potter's earliest tales developed out of her habit of writing letters to child friends, in which she would describe the antics of her own pet rabbits, with appropriate



One of Mervyn Peake's illustrations for 'Treasure Island'

doodles in the margins. The *Tale of Peter Rabbit* was rejected by publishers so many times that she decided to produce it at her own expense. In 1901, with a single black-and-white illustration as frontispiece. After its appearance, Macmillan offered to publish the book with colour illustrations and Potter was able to take advantage of the recent discovery of the 3-colour

printing process to achieve the harmonious greens and browns of her now-so-familiar garden settings.

The exhibition shows her studies of rabbits, minutely observed, and a watercolour of that garden in Wales where so many of the early stories were set. All this preliminary work demonstrates a remarkable capacity for prolonged and detailed academic preparation.

Lewis Carroll, too, was a great perfectionist and he, too, paid for the publication of the first edition of *Alice* in 1865, though Macmillan distributed it. His relationship with the equally pedantic Tenniel (some of whose *Alice* engravings are on display in the exhibition) was a stormy one, the artist on one occasion flatly refusing to illustrate "a wasp in a wig". Carroll withdrew the chapter altogether.

The exhibition also enables us to compare how different illustrators have interpreted the same text - Stevenson's *Treasure Island*, for example. Ralph Steadman's remarkable depiction of Long John Silver in a tavern, surrounded by carousing piratical types, is full of violence and blood-lust; little, if anything, remains of Stevenson's description of Silver as a "clean and pleasant-tempered landlubber".

Mervyn Peake's wonderful pen-and-ink illustration of Billy Bones, which appeared in an edition of 1949, strips Bones back to his meanness essentials, grotesquely simplifying the

features to such an extent that the character looks positively haunted by the evil in his heart. For every illustrator, it seems, there is a new Stevenson to be discovered.

The exhibition's greatest and most pleasurable surprise is Randolph Caldecott, clerk by profession, whose marvellous watercolours of frogs and mice in motion, skipping and leaping about, or at supper, looking like bloated box-voicers in their ridiculous 18th century costumes, accompanied his "Toy Books" of the 1860s.

Caldecott is scarcely in print these days and certainly not in editions that show his achievements off to any advantage; and that is a tragedy because, from the evidence available in this exhibition, he was perhaps the most influential illustrator of the 19th century. And evidence of that enduring influence is to be found in almost every new picture book for children involving anthropomorphised animals on the run.

Once Upon A Time, an exhibition of children's book illustrations, is on display at the National Gallery of Scotland, The Mound, Edinburgh, until December 27

THE Government's green paper on the BBC was covered in this paper on Wednesday, now we wait for public reaction. Myself, I believe the BBC's local radio stations are a pointless challenge to the independent franchisees; and I would not be against privatising Radio 1. Otherwise the current set-up seems to me workmanlike: the question of programme quality is the business of the various controllers. Heaven knows, they have enough criticism from the public. It may be argued that its value, as revealed in Radio 4's *Feedback* and the correspondence columns of the *Radio Times*, is pretty low, but the

solution to this hardly lies in the hands of the Corporation. The fortunes of Classic FM suggest that there is a more thoughtful public as well. I heard an enjoyable recording of Bruckner's 3rd Symphony on Tuesday when I might have heard Alexander Goehr's *Psalms IV* on Radio 3 or *Kaleidoscope* on Radio 4. The nicest thing I have heard this week has been Rabbi Lionel Blue's *Last Supper* on Radio 3 on Sunday. His guests

were presenter Leslie Forbes and a Dominican monk; his basic dish was of almonds, grated apple, red wine, cinnamon, and parsley, which he reckoned was the mortar that the Israelites used to build the Pyramids. Then eggs in salt water. The synoptic Gospels differed from St. John on the date; they said it was on the Passover, John says Jesus was crucified before the Passover. There was talk of other things too - for example, St. Paul wrote of "women co-workers", but such references were edited out. It was a friendly

meeting of beliefs, but no one answered the serious questions - who cooked the Last Supper? who washed up? In this case it was Rabbi Blue; he gave us a commentary.

Radio 3's Sunday Play, *The Pool at Bethesda* by Allan Cuthbert, was not a biblical piece, but about death from cancer. Dr Daniel Pearce, very ill, sees visions, and finds himself at Bart's in 1785, where Hogarth, painting the eponymous picture, cast him as Christ. There is much correspondence between the 18th-century figures and the folk that sur-

round him in his own day. The scheme is clever, though not ideally worked out; the doctor's ultimate death, for instance, is too prolonged, and there are some rather self-conscious soliloquies. But I thought it a moving play, the author's first for radio, and well directed by Susan Hogg, with Mick Ford as Dr Pearce and Danny Webb as Hogarth and his 20th-century version.

Two new series on Radio 4 seem unpromising to me. *The Locker Room* on Saturdays is like a man's *Woman's Hour*, presided over by Tom Robinson, only the talk is less intelligent, just changing-room chat. *The Friend in the Corner*, on Wednesdays, is a wireless set, and gives a taste of broadcasts in past years, the first being 1936. What did we have? A lot

of religion. Who were our heroes? Gipsy Petulengro, Malcolm Campbell, C.B. Fry. The Crystal Palace burnt down, there was a bus-strike, the abdication speech of King Edward VIII was read by the Speaker. The news was copy-right by Reuters, the Press Association, Exchange Telegraph and Central News. Next week we have 1943.

I try to warm to the young people's serials on Radio 5, but it is not easy. *Guards! Guards!* is adapted by Michael Butt from Terry Pratchett, a well-liked comic writer; but the first instalment on Monday was hard to follow, despite having a narrator among its starry cast. Carrot (Robert Gwyllim), a young volunteer in the Guards, is built up as the hero, but players like John Wood (Guards captain) and Melvyn Hayes (corporal) get the publicity. There are dragons offstage, and Elucidated Brethren, and a Guild of Thieves. Michael Butt directs. I must wait for a few more episodes.

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TELEVISION

SATURDAY

BBC1

7.30 *Champion of the World Horse*. 7.35 *News*. 7.40 *Spider*. 7.45 *Animal World*. 7.50 *Draw McGraw*. 7.55 *Bill*. 8.15 *Chucklebust*. 8.30 *Bucky O'Hare*. 8.50 *Going Live!*

12.12 Weather.

12.15 *Grandstand*. Introduced by Bob Wilson. Including 12.30 Football: A review of the third round, first leg matches in the UEFA Cup. 12.40 *Racing from Newbury*. The 12.45 *Newsprint* Gerry Fairley. 12.50 *Hurdle Race*. 1.05 *News*. 1.10 *Racing: The 1.15 Alzo Long-Distance Hurdle Race*. 1.25 *Snooker: UK Championship Final*. 1.40 *Racing: The 1.50 Hennessy Cognac Gold Cup Handicap Chase*. 2.00 *Rugby Union: Barbarians v Australia* live from Twickenham. 3.50 *Football: Half-Time*. 4.00 *Snooker*. Further coverage of the final. Commentary by Ted Lowes. Jack Karnehm and Clive Everton. 4.40 *Final Score*. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Dad's Army.

5.30 Big Break.

6.20 *Noel's House Party*. Soccer superstar Gary Lineker gets a Golchi Oscar and Richard Dandridge, 'manager' of Crickley Bottom Wanderers, drops in to see Noel. Another celebrity is invited to join a Grand.

7.15 Bruce Forsyth's Generation Game.

8.15 *Casualty*. Tragedy strikes when a farmer facing eviction runs amok with a gun. Sandra gets a written apology about her husband, and Ash splits up with girlfriend Nikki. Duffy gets the results of her biopsy.

9.05 News and Sport; Weather.

9.25 *Film: Thea*. Kevin Bacon and Fred Ward play handymen who band together with a bunch of locals to fight a suburban monster with a taste for human flesh. With Tim Carter and Michael Gross (1992).

11.00 *Match of the Day*. Des Lynam introduces highlights from two FA Premier League games.

12.05 Snooker: UK Championship.

David Vine introduces the second session of the final from Preston's Guild Hall.

1.30 Weather.

1.35 Close.

BBC2

8.00 *Open University*. 8.05 *Film: Fort Apache*. 11.10 *Antony and Cleopatra*. 11.25 *Birds Eye View*. 12.15 pm *Film: Wagamonster*.

1.35 Animation Now: Cartoon adventure.

1.50 *Network East*. Veteran Hindi film actor Mehmood looks back on his career playing heroes, villains and, most recently, comic roles. Tammy's (English subtitles).

2.20 Film: There Must Be a Party.

Elizabeth Taylor plays a once-celebrated actress picking up the pieces after a stay in a mental hospital. With Robert Wagner (1989).

4.30 Snooker: UK Championship.

Highlights from the opening session of the best-of-31-frame final. Fast Again.

5.05 Scrutiny.

The work of the House of Commons: Select Committees. News and Sport; Weather.

6.30 Poles to Poles.

Michael's epic journey finds him animal-spotting in Kenya's top game reserve. He also gets up at the crack of dawn for game drives in the Masai Mara and balloon flights over the Serengeti. Glad to leave the mosquitoes behind, he continues his expedition along on Lake Tanganyika on a ferry which has been in service for more than 80 years. Shown last Wednesday on BBC1.

7.40 Glimpses of Paradise.

A profile of composer John Tavener, noted for his work *The Protecting Veil*. The programme dwells on his spiritual conversion to the Eastern Orthodox Church and explores his relationship with his mother Thea, who acted as librettist on his opera *Mary of Egypt*. Sections from the composer's works are featured.

8.35 Have I Got News for You.

Chris Tarrant and actress Meera Syal join Ian Hlop and Paul Merton to take a swipe at the week's news.

9.05 Performance: Roots.

A production of Arnold Weaker's play *Roots*, first performed in 1959. A young wife (Jane Horrocks) realises married life has stifled her true personality and sets out to assert her independence and broaden her horizons. Also starring Pam Ferris.

10.50 Film: The Mouth Agape.

(1974) (English subtitles).

12.15 Saturday Night Live.

Hosted by actor Christopher Walken.

12.50 Close.

LWT

8.00 *TV-am*. 9.25 *What's Up Do?* 11.30 *Movies*. 12.00 *News*. 12.05 *The TV Chart Show*.

1.00 ITN News; Weather.

1.05 *LWT News and Weather*; The Day.

1.15 Highdays and Otherdays.

Jenny Bristol creates meals which are good for the heart.

1.40 The A-Team.

2.25 *WCW Worldwide Wrestling*. 2.35 *Dinosaur*. 3.50 *Beverly Hills 90210*. 4.40 *ITN News and Results Service*; Weather.

5.00 LWT News.

5.05 Cartoon Time.

5.15 Gladiators.

6.15 Blind Date.

7.15 *Film: Who Framed Roger Rabbit?* Premiere. Private eye Bob Hoskins sets out to prove the innocence of a cartoon rabbit in Robert Zemeckis' ground-breaking live action/animated film. Christopher Lloyd and Joanna Cassidy co-star, with guest appearances by, among others, Mickey Mouse, Dumbo, and Bugs Bunny (1988).

9.05 David Norder's Trailer Cinema.

Affectionate look at trailers from forgotten B-movies of the 1950s and 1960s. The production team travelled the vaults of Pinewood Studios and prized open American treasure chests, discovering the film cases which the likes of Joan Collins, Sean Connery and Leonard Nimoy may wish had never been found.

10.00 World Championship Boxing.

Chris Eubank v Juan Carlos Gomez. Eubank undertakes his 10th world title fight in the past two years as he takes on the experienced South African boxer from Manchester's G-Mex Centre.

10.55 ITN News; Weather.

11.10 LWT Weather.

11.15 *Film: Personal Services*. Julie Walters stars as a brothel madam in the premiere of this witty look at British attitudes to sex (1987).

1.10 Saturday Night Live Goes Commercial.

2.05 The Big E.

2.05 *Get Stuffed*; ITN News Headlines. 3.10 *The City*. 4.10 *Get Stuffed*; ITN News Headlines. 4.15 *Out of Limits*. 4.30 *The Hit Man and Her*.

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CHANNEL 4

8.00 *Early Morning*. 9.00 *Kabaddi*. 10.30 *Gazza*. 11.30 *Football Italia*. 11.35 *Play Action*. 12.00 *Sign On*. 12.30 pm *Songs and Memories*.

1.00 The Open Window.

Short film from new director Rupert Wainwright. A bawling window messes an actor's life hell on the night before an important audition.

1.25 Racing from Newcastle.

Including the 1.35 *Heron Electrical Novices Chase*. 2.10 *Phillip Corner Novice Hurdle*. 2.40 *Bellway Homes Fighting Lion Hurdle*. And the 3.10 *Douglas Smith Memorial Handicap Chase*.

3.30 Film: The Picture Snatcher.

Ex-convict James Cagney takes a job as an unscrupulous photographer (1933).

4.55 The Day After Tomorrow.

5.05 *Brookside*. Omnibus edition. 6.30 *Right to Reply*. Beverly Clark analyses the implications of the Government's Green Paper on the future of the BBC.

7.00 A Week in Politics.

Labour's Peter Mandelson and CPM's Peter Mandelson discuss how Labour will have to change to ensure victory at the next election. Plus, a look at the Green Paper on the NHS, the pay review for MPs, the new arms-control agreement and a report from Scotland on the possible privatisation of Scottish Water.

8.00 The Big Rebellions.

Religious drama, starring Brian Cox, Jane Lapotnik and Juliet Aubrey.

9.00 Zoo TV.

U2's multi-media extravaganza, which features concert highlights from the band's two-year tour and material from their album *Rattle and Hum*. Live from Manchester's G-Mex Centre.

10.30 Film: Camille Claudel.

Gérard Philipe stars as a 19th century sculptor who embarked on a passionate and tempestuous love affair with his sister-in-law (Isabelle Adjani) (1988) (English subtitles).

1.45 The Word.

2.45 *Film: Ten Seconds to Hell*. Post-World War II drama about a group of former German soldiers who risk their lives when they are bombed during a night raid in Berlin. Starring Jeff Chandler and Jack Palance (1959).

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REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

1.05 *Anglia News*. 1.10 *The Life and Times of Grizzly Adams*. 2.05 *McClintock*. 2.10 *Grizzly Adams*. 2.15 *McClintock*. 2.20 *Grizzly Adams*. 2.25 *McClintock*. 2.30 *Grizzly Adams*. 2.35 *McClintock*. 2.40 *Grizzly Adams*. 2.45 *McClintock*. 2.50 *Grizzly Adams*. 2.55 *McClintock*. 3.00 *Grizzly Adams*. 3.05 *McClintock*. 3.10 *Grizzly Adams*



I DON'T imagine I would ever spend \$1m-plus on a David Hockney painting, as some people have. And I think I agree with the critic who said that while Hockney is "one of the most successful and acclaimed artists of his generation, in demand wherever today's western art finds a ready and eager public," he is also "preposterously over-rated... superficial, turning out a kind of 19th century saloon art refurbished from the stockroom of modernism."

But I like and admire Hockney, especially his mixture of bluntness and sensitivity. And I enjoy what he says about art. Recently, in an interview, he said he was not sure that tragedy was a suitable theme for painting. "Strauss always said: 'I thought artists were for providing beauty.'"

Steeped in beauty beyond the Norm

Michael Thompson-Noel

HAWKS & HANDSAWS

Hockney described how he had been captivated by a small picture in the Metase exhibition in New York, a vase of flowers with a bust on a table. "I looked at the date, and it was 1942. And, of course, Europe was ripping itself apart. But I thought: 'Well, I'm glad he painted it. I'm glad that there was somebody... making something beautiful from the world around him.'"

So inspired was I by Hockney's sentiments that this week I suddenly lurched at the papers on my desk into the air, stabbed the computer Off button and dashed in search of something beautiful. I rushed to the Tate Gallery, paid \$4,

and dived into the Swagger exhibition - 300 years of grand manner portraiture in Britain, from Van Dyck to Augustus John. "Swagger" portraiture can be showy and ostentatious, but also rhetorical, glamorous, exuberant and sexy. There are 79 paintings in this exhibition, all of them beautiful. You can drown yourself in sumptuousness - Balon, Zoffany, Reynolds, and so on. I had only one bad moment. I was admiring Sir Thomas Lawrence's *Catherine Gray, Lady Manners* (1794) when two twitters strode up to it. I expect they were part of the Barnes mob. The thing about *Lady Manners* is

that it sorts the men from the boys. It is glib, luscious and showy, the highlights of the dress laid on in thickly impasted white. It even has a peacock.

Is it chocolate-box art, or something much weightier? Weightier, I rather think. I find it immensely sad. But the Barnes pair were outraged. "Dear God in Heaven,"

moaned the female, when confronted by *Lady Manners*. "God, what a mess. She looks like a chicken." I have been known to start arguments in galleries on sex than that, but I let the fools go, so wrapped had I become in the glimmerousness of swagger.

I went home. I felt uplifted. I decided that for the next 24 hours I would look only at beautiful things, would let the world and its sorrows pass by unheeded.

Just as I was settling down, Miss Lee, my executive assistant, burst in. Dressed in designer gear. Expensively rouged and carmined. Bosom rising and falling. She had obviously been to Harvey Nicks

with one of her dreadful friends. "The world is going mad," said Miss Lee. "The government is shaking and heaving. Irregularities are exploding. The French are revolting. And a comet's heading for Earth."

"I don't want to know," I said gently. "For 24 hours I am ignoring the world and its comedies. I am steeping myself in beauty. Please don't disturb me."

For the next four hours I idled through a favourite book, *Ruskin Today*, an anthology chosen and annotated by Kenneth Clark "to reintroduce this fascinating and complex figure to the modern reader." I read Ruskin on the

sacredness of colour - "the loveliest (colour) is melancholy"; on the snobishness of English painters, and on the evil of decorating railway stations.

At 7pm, Miss Lee burst into the room again. Her hair was awry. There were Beaujolais stains on her front. "Michael, you have got to snap out of your reverie," she shouted. "Amazing things are happening. A dozen members of the cabinet have assassinated Norman Lamont. They stabbed him at the Commons. Heseline plunged the first knife in, then Howard and Hurd and so forth. Lamont did not go quietly. Squealed like a pig, they say. The blood, you wouldn't believe. Finally, John Major stepped from the shadows and finished poor Norman off."

I smiled kindly at my assistant. "I am afraid you will have to remind me," I said. "Who was Norman Lamont?"

A WHITE Rolls-Royce shone in the street outside. A butler opened the door of the flat. A cool blonde in black stockings rose from a plump sofa at the further end of the split-level room another smart blonde helped a little girl to her breakfast.

When people begin to look like fashion accessories you know you are in the presence of the ruthlessly rich. The adornments of Sol Kerzner's London flat - human and material - say more about him than a hundred breathless reports by the dazzled hackettes whom Kerzner has squandered his leisure empire.

Kerzner is a very successful South African hotelier, best known for Sun City, the sin-and-fun resort he built in the scrubby black "homeland" of Bophuthatswana out of reach of the republic's sex and gambling laws and in the heyday of apartheid white politicians could safely consort with their black mistresses.

In a few days time he is due to open his sequel: the Lost City, a \$180m resort next door. It comprises a fantastically-designed 350-room hotel pretending to be the restored palace of a lost civilisation, surrounded by 80 acres of imported jungle with huge water slides, artificial surfing lake, golf course, casino, bars and restaurants. The opening celebrations are said to include a Jean Michel Jarre sound-and-light show, a golf tournament and the Miss World contest with Jerry Hall and Ivana Trump on display.

Sol Kerzner, chairman of Sun International, proves two adages: audacity pays, if you give value for money, and publicity is all. At the age of 57 this son of poor Ukrainian immigrants has managed to acquire the aura of a Kleinfelder - private jet, celebrity parties, late-night whisky sessions, leggy escorts, many homes and many wives.

No doubt he varies his act according to the publication he is talking to, but after the advance billing I found Kerzner disappointingly restrained. He appeared the typically cautious, hard-headed businessman, a bit flashy, maybe, but hardly flamboyant. Of his reputed vile temper there was no hint.

Kerzner is very short with big shoulders, broad chest, a modest beer belly and skinny legs. His eyes are unusually clear and at some angles he looks uncannily like the actor Richard Burton. He sat on the edge of the sofa running a set of worry beads through his fingers. The beads, and occasional shortness of breath, testified to the fact that he was once a heavy smoker and suffered a heart attack nine years ago.

I said: "It's quite a lot of money to spend on a fantasy."

"It's not quite a lot. It's a lot," he laughed. "It's a lot of money to be spending when world economies are not great, when we're looking to attract foreign visitors and when the domestic economy is dreadful." He laughed again.

I don't expect you to frighten the punters ahead of opening day, I said, but there is still a danger of civil war in South Africa. Doesn't that keep you awake at night?

"Well, you know, one cannot predict what the outcome will be. I believe the various leaders realise that even to prolong this hiatus period is going to wreck the economy to a point where it's going to be unimportant who wins. Our economy can't stand much more. We've had disinvestment, the sanctions period. What one needs now is investment, foreign investment. I think they all realise that."

Sol Kerzner built the notorious resort Sun City. He is about to open the grandiose sequel



Trevor Humphries

The death of the peasant

Nigel Spivey

Peasants are the great sanctuary of sanity... When they disappear, there is no hope for the race.

Virginia Woolf

IT STILL happens in remote parts of the Peloponnese, or in the heel of Italy. Rambling through the groves and terraces of Mediterranean polyculture, you come across a figure in the landscape. He is dressing vines, perhaps, or switching his goats to new pasture.

You, a trespasser, give your most ingratiating smile. He, the proprietor or tenant, returns a toothless grin - and goes further. He bids you stay and take a draught of wine with him; then a slice of bread, some olives and a tomato; then, to send you on your way, some fruit of the season.

It is a perfect encounter. It is the sort of humane simplicity for which bourgeois north Europeans yearn. It is the constitution of Arcadia - and has been for at least two centuries.

From the safety of our stripped pine kitchens, it is easy to allow false honour to the peasant. Get chatting to that shepherd and, soon enough, you realise that he would swap his donkey for a Mitsubishi Shogun if he could. The peasant is most admired by those who (like Woolf) do

not have to share his existence - and, still less, his wife's.

Any decent study of rural history dispels visions of the picturesque felicity of subsistence as a livelihood. In Britain and France, during the last century, the state of agricultural labourers was wretched. Even writers prone to the idyllic were honest about this.

So, one can, in this sense, dismiss Woolf's apocalyptic dictum. If she still were with us, I think she would qualify her warning.

Originally, it arose in a discussion of Thomas Hardy's Dorset yokels, and the type she had in mind - phlegmatic, besmoked, hands calloused by the dung fork - has long been consigned to sepia postcards. His disappearance can hardly be lamented although, naturally, one feels elegiac about

the fading of certain techniques of cultivation and animal husbandry, and worried lest, one day, technological agriculture should collapse and we are left incapable of producing our own food.

But no: it is not the end of the world; and in the case of the Dorsetshire labourer, or the Languedoc serf, probably good riddance. But it is the end of Arcadia, and it is the beginning of the end of pastoral values in European society.

The companionship of strangers; food whose abundance is governed by season; pure water from a freshest brook or spring; a full panoply of stars at night... these are things and spiritual sensations we think we can do without. Ploughboys, these days, do not get seats in parliament; nor stewards of hedgerows, nor even shopkeepers who sell nails by weight and wrapped in newspaper. Call it progress, or the loss of collective sanity; the fact is that it is happening, and it demands a revision of earthly delights.

Pastoral hankerings die hard. Britain's nabobs of urban development rarely face up to their own conquest by tarmac: they sneak down to the converted barn in the Dordogne, or the Provencal farmhouse

abandoned by the farmer no longer permitted to farm.

Here, there is still kindness from strangers; here, you can fulfil a part of the national curriculum, and show your children the stars in the sky. A month in this sort of country is what many of us take to be a marvellous retreat and writers, whether good (A.S. Byatt) or mediocre (Peter Mayle), have no trouble in its celebration.

But we should face up to the truth: Provence is not guaranteed *forever Provence*. Provence ultimately is no better insulated against the 20th century than Merrie England.

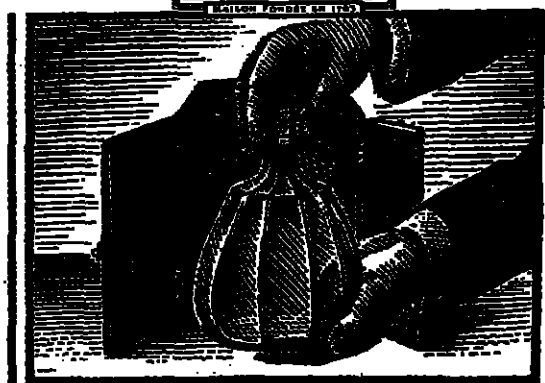
To cries of English indignation, a motorway is being driven through the Dordogne. And the statistics are simple enough: they show that the numbers employed on the land in France have roughly halved since the mid-1960s. As anyone who sojourned in France this summer will know, numbers are decreasing palpably still.

French farming is bound the Euro-way of consolidation and homogeneous efficiency. Virginia Woolf is not around to express her views on Maasricht. But I take her message to extend that far and I see, in the probable failure of rural France to prevent the treaty, a last hope vanished. The peasant is dead. Long live the peasant!

■ Dominic Lawson is unwell

Les Secrets Précieux de

HINE



LE FLACON

When you buy a bottle of Hine Cognac, you buy a piece of Hine family history. 214 years of inherited expertise gives this golden nectar a taste & aroma as individual as the antique carafe that holds it. A distinctive French decanter given to Bernard Hine's father, as a wedding present, ultimately proved to be the perfect foil for the cherished Antique Cognac. Even today the Cognac & the bottle remain unchanged, except that they are now heirlooms in more households than just Hine.



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